DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

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*Deceased April 10, 1986.

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1987

TUESDAY, APRIL 29, 1986.

TESTIMONY OF INTERESTED INDIVIDUALS AND ORGANIZATIONS

INTRODUCTION

Mr. CHAPPELL. The committee will come to order.

We have set aside this morning and this afternoon to hear testimony from various public witnesses on a variety of subjects relating to the fiscal year 1987 Department of Defense budget. Due to the large number of witnesses wishing to testify again this year, our time is extremely limited.

The full statements of each of the witnesses will be placed in the record at the time of their scheduled testimony. We request each witness to briefly summarize his or her statement. Due to the time constraints, the committee can allocate a maximum of five minutes for each witness and this limitation will be strictly enforced.

Because of the busy legislative schedule, many of our Members are unable to attend this hearing. We are trying to move this bill and as you know, time is running out quite rapidly. In order to meet the streamlined schedule dictated by the Gramm-Rudman-Hollings bill, we have had to expedite our hearings. All these hearings and testimony will be carefully reviewed by each Member of the Subcommittee before mark-up, so we do appreciate everyone's attendance and we do appreciate everyone's expertise in all the matters that concern this committee and our nation as far as national defense is concerned.

We will now call the witnesses.

TUESDAY, APRIL 29, 1986.

GEORGETOWN UNIVERSITY

WITNESSES

T. BYRON COLLINS, S.J., SPECIAL ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

OREN FOUST, EBASCO

MARY ALBERT, GEORGETOWN UNIVERSITY MEDICAL SCHOOL

Mr. CHAPPELL. Father T. Byron Collins of Georgetown University, and Mr. Oren Foust as his backup.

We are delighted to have you gentlemen with us today.

STATEMENT OF FATHER COLLINS

Father COLLINS. Thank you, Mr. Chairman.

In accordance with your recommendations, we will be very brief. We would like to thank this committee, and especially the former chairman who has gone to his eternal reward in the land of eternal peace, and the ranking member for support of a project at Georgetown University. With me is a representative from EBASCO Oren Foust, and Mary Albert from the University Medical Center.

COAL GASIFICATION-FUEL CELL-COGENERATION

Two topics: We did a study where we looked, with great detail, and investigated whether you could use coal, gasify it, drive a fuel cell that would produce heat and electricity.

We did it at four sites. The pivotal site we had proposed to be at Georgetown University and then three sites conjoined with it. One was at the munitions plant, Scranton, Pennsylvania. Another was Fort Hood in Texas. The third was Fort Greely in Alaska.

Our summary report is that this technology is feasible. This technology is very desirable environmentally. We put a special part of the task to see whether it was economical. The package of four sites is not economical, the unit of four. There are two sites that under certain conditions would be economical, the one at Scranton and the one at Fort Greely, Alaska.

The price of oil having dropped at this stage does not make these sites economical at this time. So we do not recommend that the committee proceed any further. We have done an exhaustive study—we have a summary of it in our testimony. However, I personally spent two years on this project. It is a very worthwhile one, and I don't want to have all the work that I did lost so we will file a copy of it with the Department of Army, with whom we did the study, with the Archives and with the Library of Congress.

HEALTH PROVISIONS SERVICE PROGRAM

The second topic is the health provisions service program, young men, young women that go to medical school are supported by DOD and pay off their service in the DOD. This is an excellent program. Every year we testify for it. We recommend the committee fund it.

The DOD is now in the enviable position that they have the top applicants from the 110 medical schools in the United States applying for this. It is an excellent program and we recommend funding.

That is the end of the testimony. We would be glad to answer any questions.

Mr. Chappell. Thank you very much for your excellent testimony and we appreciate your candor and your recommendations. We appreciate it very much.

Father Collins. Thank you, Mr. Chairman.

[The statement of Father Collins follows:]

APRIL 29, 1986

HOUSE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE

Mr. Chairman and members of the Committee, I am Rev. T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. With me is Mr. Oren Foust of EBASCO.

We thank the Committee for its continued support of a unique coal gasification-fuel cell-cogeneration program that has been developed by Georgetown/EBASCO in association with the Assistant Secretary of the Army for Research and Development.

With the final summary of the site feasibility studies now completed, we have concluded that each of the four sites, the Army Ammunition Plant in Scranton, Pennsylvania, Ft. Greely in Alaska, Ft. Hood in Texas, and the baseline site at Georgetown here in our Nation's Capital are all technically feasible and constructible, as well as environmentally acceptable. However, we do not think this project, as a four-site package, is economically feasible at this time, although two of the sites are potentially economically viable, namely at the Scranton and Ft. Greely sites. We do not recommend that any of the sites proceed at this time.

The coal gasification-fuel cell-cogeneration analysis is complete. It is an exemplar study for the Department of the Army. It shows that the coal gasification process combined with fuel cell technology is feasible when the price of price of gas and oil again rise to a point so that this program can be implemented as economically feasible.

On behalf of our President, Rev. Timothy S. Healy, S.J., and of the University, I thank all of the members for the opportunity to testify before this Subcommittee.

GEORGETOWN UNIVERSITY
COAL GASIFICATION/FUEL CELL/COGENERATION

ARMY FUEL CELL VOLUME LIST

Report Volume 001 Section 1	Basic System Description for Coal Gas/Fuel Cell/Cogeneration Project, January, 1985. 102 pp.
Report Volume 001 Section 2	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Basic System Description--Appendices, March 1985. 134 pp.
Report Volume 201	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Washington, D.C. Site--Preliminary Survey, June 1985. 19 pp.
Report Volume 301	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Washington, D.C. Site--Project Description, November 1985. 193 pp.
Report Volume 202	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Scranton, Pennsylvania Site--Preliminary Survey, June 1985. 19 pp.
Report Volume 302	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Scranton, Pennsylvania Site--Project Description, July, 1985. 169 pp.
Report Volume 203	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Fort Hood, Texas Site--Preliminary Survey, June 1985. 18 pp.
Report Volume 303	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Fort Hood, Texas Site--Project Description, July 1985. 195 pp.
Report Volume 204	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Fort Greely, Alaska Site--Preliminary Survey, June 1985. 22 pp.
Report Volume 304	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Fort Greely, Alaska Site--Project Description, July 1985. 171 pp.
Report Volume 004 Report Volume 005	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Economic and Financing Assessment, August 1985. 171 pp.
Report Volume 006	Feasibility Study of Coal Gasification/Fuel Cell/Cogeneration--Executive Summary, 1986

TUESDAY, APRIL 29, 1986.

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

WITNESS

LIEUTENANT GENERAL LA VERN E. WEBER, NGUS (RETIRED), EXECUTIVE DIRECTOR

INTRODUCTION

Mr. CHAPPELL. We have a young gentleman testifying before our committee for the first time, Lieutenant General La Vern E. Weber.

How many times have you testified before the committee?

General WEBER. More than three, sir.

Mr. CHAPPELL. We are happy to have you again and commend you on the good work that you do.

STATEMENT OF GENERAL WEBER

General WEBER. Thank you, Mr. Chairman.

It is a pleasure to have the opportunity to appear this morning on behalf of our 56,000 members of the National Guard Association of the United States. I am most appreciative and we at the association are most appreciative for the tremendous support that the Army and the Air Guard have received from this committee in the past years.

I am likewise aware that last week General Walker, General Temple, and General Conoway appeared before you and went into great detail on many of their programs.

TOTAL FORCE POLICY

I would like this morning to highlight two of ours. Let me reemphasize the fact that the Guard continues as a full partner in the total force policy. Readiness has continued to improve consistent with the support that the Congress has provided to the Guard. However, we continue to receive new missions from the Army and the Air Force, and as a cost-effective agency within the Department of Defense, we are pleased to accept these missions and we will work with them.

Likewise, I am aware, sir, of the tremendous pressures of reducing budget requests and some cuts that are probably mandatory this year.

I would like to talk to just two.

GI BILL

First is the GI Bill. The new GI Bill is something that we just must have in the Army and the Air Guard. Those two elements of the Department of Defense are responsible for 65 percent of the utilization of that program, and so it is very, very meaningful to us. It has been bringing in the quality young men and women to do the most demanding jobs that they are asked to do in those two units.

ARMORIES

The other item I would like to surface has to do with a support called sharing for the O&M moneys associated with our armories. Our armories are built with 75 percent Federal funding and 25 percent state funding. Then they become state property and the operation and maintenance costs are entirely with the state.

Last year we initiated a program of $33 million. This year we feel that we need $25 million to continue that. It is a very helpful program and one that we just must have.

With that, sir, I will respond to any questions that you might have.

Mr. CHAPPELL. General, thank you very much.

Mr. Miller, do you have any questions?

Mr. CLARENCE MILLER. No questions, Mr. Chairman.

GI BILL

Mr. CHAPPELL. On the GI Bill, do you feel that the bill is helpful in recruiting?

General WEBER. Absolutely, yes, sir. That was my point, that 65 percent of the utilization of that bill is in the Army and the Air Guard. About 50 percent—about half of the young people that are eligible that come into the Army in the Army Guard take advantage of it.

On the air side, about 25 percent of those that are eligible take advantage of it. We are getting quality people from that, sir.

Mr. CHAPPELL. We commend you for a very fine organization and the fine service you have given to our country.

Thank you.

General WEBER. Thank you, sir.

[The statement of General Weber follows:]

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

ONE MASSACHUSETTS AVENUE, NORTHWEST • WASHINGTON, D.C., 20001 • (202) 789-0031

STATEMENT BY

LIEUTENANT GENERAL LA VERN E. WEBER (RET.)

EXECUTIVE DIRECTOR

of the

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

to the

Subcommittee on Defense

of the

House Committee on Appropriations

29 April 1986

TESTIMONY BEFORE THE SUBCOMMITTEE ON DEFENSE
HOUSE COMMITTEE ON APPROPRIATIONS

29 April 1986

Mr. Chairman, and members of the subcommittee, I sincerely appreciate this opportunity to appear before you today to present the views of the National Guard Association of the United States on the readiness requirements of the Army and Air National Guard.

THE ROLE OF THE NATIONAL GUARD

This year, the National Guard commemorates 350 years of service to the community and the nation. From the first organized militia units in the Massachusetts Bay Colony in 1636 until today, the National Guard has played an important role in the preservation of the freedom of this republic. A call to duty of the National Guard has historically signified the nation's willingness to undertake the sacrifices necessary to protect that freedom.

The Guard's historical role in defense of our nation was formally rec- ognized with the initiation of the Total Force Policy in 1970. Today, the Guard is counted upon as a full partner in the Total Force. Current national strategy has Army National Guard and Air National Guard units "on the line" alongside active counterparts in a matter of days after mobilization.

The Total Force Policy has resulted in an increased reliance on National Guard and Reserve forces. Army and Air National Guard units are tasked in war plans developed in response to defense strategy directed by our national command authorities. This nation absolutely requires a well-equipped and well-trained National Guard if it is to be fully capable of fighting and winning any future conflict.

In order for the National Guard to meet all of its wartime deployment objectives, it must be manned, equipped, trained and properly led. Transportation assets needed for overseas deployment of the Total Force must be available. If any of these requirements are neglected, the wartime capability and reliability of the Total Force will suffer. Increased personnel manning, an influx of new equipment, and intensified training demands are all the consequence of increased readiness requirements placed on National Guard units.

The NGAUS continues to recommend that the force structure for the Army and Air National Guard should not be expanded unless the current National Guard force is programmed to be fully resourced with required manpower and modern, deployable equipment.

The readiness of all of our military forces is seriously threatened by the current overwhelming Soviet advantage in chemical warfare. Although the ability of National Guard units to survive and operate in a chemical environment has improved in recent years, those units would only function at 60 percent or less of full wartime capacity in such an environment. Only a national effort to obtain a modernized, safe chemical retaliatory capacity is likely to deter use of chemical weapons and promote an effective chemical weapon ban. We urge full funding and start-up of production of binary chemical munitions.

The specific proposals of the National Guard Association for FY87, to ensure the readiness of the National Guard to meet its deployment objectives, are outlined below.

SELECTED RESERVE MANPOWER

Although equipment, training, and facilities are essential, the most important factor in Army and Air Guard readiness is the ability to recruit and retain the required number of qualified personnel. This will become a more difficult task as the manpower pool of the nation continues to diminish, and could be further impacted by any reduction in popularity of military service among our service-aged population.

At the end of FY85, the ARNG had attained a strength of approximately 440,000 and the ANG had achieved an end strength of more than 109,000. With programmed growth of over 22,000 in the Army Guard and almost 6,000 in the Air Guard by the end of FY87, and continued growth programmed through FY90, the effectiveness of recruiting and retention efforts remains critical.

The New G.I. Bill Educational Assistance Program for the Selected Reserve, which began on 1 July 1985, has already proven to be a valuable incentive for across-the-board recruitment and retention. The National Guard Association strongly supports continuation of the New G.I. Bill and urges that the program be expanded to cover educational options, including high tech training, and be made permanent as quickly as the test results support such action. Any attempt to eliminate this extremely effective new incentive would have a drastic negative Guard and Reserve recruiting impact, in the opinion of the National Guard Association.

The current Selected Reserve Incentive Program has also been very effective in providing targeted incentives to recruit and retain personnel with critical skills or who are found in specified high priority units. As with the G.I. Bill, authorization for enlistment and reenlistment bonuses should be made permanent entitlement programs in law, rather than be dependent on periodic approval of authority and annual appropriation of funds.

Due to the critical shortage of health care professionals and its potential impact on the initial warfighting capability of the Total Force, the National Guard Association also fully supports immediate approval of the Selected Reserve Health Professionals Incentive Act, (H.R. 1498), to improve recruiting and retention in this area. The programmed growth of medical units in the National Guard and Reserves will be difficult to attain without the added incentive of accession bonuses and continuation pay.

FULL-TIME SUPPORT

In addition to the Selected Reserve manpower requirements of the Army and Air National Guard, there is a growing requirement for full-time support personnel, who are essential to the production of combat readiness. These personnel perform those day-to-day functions which must be accomplished if a unit is to be effective during peacetime; i.e., personnel administration, supply accounting, and maintenance of equipment and support facilities which are essential to the training of Guard personnel. If a unit is to make maximum utilization of its limited training time, full-time personnel must be available to plan for, support, and participate in unit training sessions.

The Army and Air National Guard have a mix of military technician and Active Guard/Reserve (AGR) personnel. While the proper mix and comparative cost effectiveness of the two categories continues to be reviewed, there is a recognized requirement for additional full-time personnel. The following table reflects the shortage of full-time unit support personnel that will exist in the Army and Air National Guard at the end of FY87:

	ARNG	ANG
DoD Validated Requirement	65,863	32,959
Authorized Military Technicians	27,129	23,282
Authorized AGR	28,721	7,763
Shortage	10,013	1,914

Last year, the Congress reduced the Army National Guard full-time personnel authorization from the FY86 President's Budget request. In view of the essential requirement for full-time support, and the current shortage in meeting that requirement, the National Guard Association urges the Congress to authorize and fully fund the full-time manpower requests contained in the Army and Air National Guard budgets for FY87.

RETIREMENT

The justifiable concern of the large budget deficit has caused much attention to be focused on the cost of the military retirement system. However, we believe the current system is one of the most effective incentives for retaining highly-qualified military members who have been trained at great expense and whose most productive years would be forfeited if they left at mid-career. The National Guard Association supports the retention of the current military retirement system and believes that it is absolutely essential to preserve the current linkage between the Active and Reserve military retirement systems.

The existing Guard/Reserve retirement plan is a minimum requirement for maintenance of a stable Guard force. We believe the present system should be improved by allowing members of the Selected Reserve to be credited with all earned retirement points. Enactment of legislation to eliminate the existing 60-point ceiling would encourage members to participate in unit training assemblies over and above the number which they are now required to attend.

Many military technicians are separated from the National Guard at an age earlier than the age 60 military retirement eligibility date by actions of retention boards and the attritive provisions of the Reserve Officers Personnel Act. Additionally, many technicians must possess military skills which demand physical strength, coordination and stamina to the extent that members older than age 55 may have difficulty in meeting the continued physical demands of their military skills.

While Guard military technicians are subject to the provisions of the Civil Service retirement system, their technician career is dependent on continued membership in the Selected Reserve. Termination of such membership results in forced termination of their technician employment.

The current actions in revising the Civil Service retirement system could result in a significant reduction in annuity from the date of retirement until receipt of Social Security at age 62. The National

Guard Association strongly urges enactment of legislation to provide all National Guard military technicians with a supplemental annuity from the date of retirement until receipt of Social Security.

FAMILY AND EMPLOYER SUPPORT

In many instances, the greatest impact on the ability to recruit and retain an individual in the Selected Reserve is the support, or lack of support, given by the immediate family and the full-time employer of the prospective member or members.

Many legislative improvements have been made in recent years designed to encourage family support. The expansion of medical care to cover members for illness or disease incurred during inactive duty training and the provision of medical and space-available dental care for surviving dependents of members who die in any type of duty status are two examples.

However, several inequities continue as irritants which could be corrected at little cost. The National Guard Association supports legislation which would provide limited commissary and exchange privileges to active members of the Selected Reserve and their families, and to extend those privileges to members who are otherwise eligible for retirement pay, but have not yet reached age 60. We believe each of these benefits will be perceived as an incentive for continued family support of Guard members.

With the increased reliance on the Guard and Reserve as full partners in the Total Force, it is essential that every effort be made to ensure employer support of membership in the National Guard and Reserve. Such efforts should include legislation that would prohibit discrimination in hiring and would provide an incentive in the form of tax relief for private sector employers of Guard and Reserve members. The National Guard Association supports H.R. 2798, which prohibits discrimination against the hiring of persons who belong to the Guard and Reserve. This bill is essential if Selected Reserve membership is to be maintained or increased over current levels.

EQUIPMENT REQUIREMENTS

The most urgent Army and Air National Guard requirements are addressed in brief in the following paragraphs:

ARNG Air Defense Weapons Systems

There are no deployable air defense weapons assigned to six of the eight existing Army National Guard divisional air defense battalions. Currently, two of those eight battalions have been partially equipped with Chaparral missile systems.

We understand that the Army is reviewing the capabilities of at least four existing off-the-shelf forward area air defense systems for possible procurement to replace the cancelled SGT YORK division air defense gun.

When decisions on procurement of a replacement system are made, it is vital that the Army National Guard forward air defense requirements are included in that programmed procurement in order to fully modernize units currently equipped with non-deployable Duster air defense gun systems.

The M-113 Family of Vehicles

The M-113 Family of Vehicles includes several types of combat vehicles, all derived from the M-113 armored personnel carrier. Army National Guard requirements for all types of M-113 family of vehicles, to include M-113 armored personnel carriers, M-901 Improved TOW Vehicles, M-577 command post carriers, and M-981 FIST-V fire support team vehicles, total 3,500 vehicles. There is a Total Army shortage of about 7,000 vehicles in the Active Army and the Army National Guard. Consideration should be given to continuing production of the M-113 family of vehicles until all shortages have been overcome. The National Guard Association urges that a program be established to fill Army National Guard M-113 family of vehicle requirements over the next several years, and, in particular, to fill the shortages of 1,484 armored personnel carriers, 1,140 improved TOW vehicles, 445 command post carriers and 452 fire support team vehicles.

Simulators/Training Devices

The Army Guard and Army Reserve provide almost 50 percent of the wartime strength for the Total Army, yet their training time, training facilities and equipment are limited. Simulators and training devices are of tremendous value to Guardsmen and Reservists in helping to overcome those limitations. Current Army simulators and training devices are designed for use at major training centers with maximum utilization by large groups of soldiers. In the FY86 Budget, the Congress authorized $5 million to fund research and development of training devices and simulators developed specifically for Guard and Reserve home station training. In addition $50 million was provided for off-the-shelf purchase of currently available training devices and simulators for use by the Army National Guard. Low cost simulators and training devices suitable for use in the armories and training centers of the Guard and Reserve are urgently required to maximize the use of available training time and to increase unit readiness. We urge the continued funding of both research and development and procurement of such devices.

Attack Helicopters

The Army has programmed the procurement of a total of 675 AH-64 attack helicopters for the Army and the Army National Guard. Currently, the Army is procuring 144 of those helicopters each year. In the FY85 and FY86 Defense bills, the Congress directed that 18 of the 144 AH-64s bought by the Army in each of those two years would be assigned to the Army National Guard. When those 36 AH-64s are assigned to the Army National Guard, and when the programmed Army AH-64 buy of 675 attack helicopters has been completed, the Army National Guard will still not have deployable anti-armor attack helicopters needed to equip ten of its attack helicopter battalions (a total of 198 aircraft). Only additional AH-64 attack helicopter procurement, beyond the 675 programmed, can overcome that shortage. We urge that the overall procurement of AH-64 attack helicopters be continued, at a rate of 144 per year until all requirements for attack helicopters in the active Army, Army National Guard, and Army Reserve are met, and that the Congress continue to direct a portion of each year's procurement be assigned to meet ARNG requirements.

Utility Helicopters

The Army is phasing out UH-1H utility helicopters from the active force, and replacing them with modern UH-60A Black Hawk models. The ARNG, with a requirement for 1,177 utility helicopters, is scheduled to receive 20 UH-60A's in FY 1986. At that rate, it would take over 50 years to modernize the aging Army National Guard UH-1H utility helicopter fleet. We urge the Congres to direct increased procurement of UH-60A's to speed up ARNG utility helicopter modernization.

Fixed-Wing Aircraft

The Army National Guard has a requirement for 87 modern fixed-wing aircraft. Today, it has 12 C-12 and 13 U-21 modern aircraft, while the remainder of the fleet consists of obsolescent U-3s, U-8s and T-42s. Procurement of six C-12D aircraft, or their equivalent, for the Army National Guard would permit the retirement of six obsolescent aircraft from the ARNG inventory. In addition, there is a need for dedicated procurement of two larger aircraft, such as C-12J's or Twin Otters, for assignment to the ARNG in Hawaii and Puerto Rico, to meet the extensive over-water flight requirements in those locations.

Mobile Subscriber Equipment

The Army has adopted an off-the-shelf, tactical corps area communications system called RITA, as its mobile subscriber telephone system (MSE). That system will permit commanders throughout an Army corps area to communicate with each other using vehicle-mounted telephones. Much like the cellular telephones now being used by business and industry in all major American cities, MSE will provide communications capability and flexibility hitherto unknown in the battle zone. However, unlike cellular telephones, MSE will have the added capability of transmission of either voice or data in both a classified (up to "secret") and a clear mode. the Army MSE procurement program is designed to sequentially provide MSE equipment to all elements of each of the five Army corps, beginning with the Third Corps. That means that as the Third Corps active Army units receive their MSE equipment, all Army National Guard and all Army Reserve units tasked to fight with that corps will receive their MSE equipment at the same time. The Army is asking for $904 million in the FY87 Defense budget to purchase MSE communications equipment for the entire Third Corps and for some initial elements of the Fifth Corps. Should the budget request be reduced, it would not be possible to fully equip all corps elements as planned, probably to the detriment of Guard and Reserve elements of the corps. We urge full funding of the MSE program.

Miscellaneous Equipment

In FY82, the Defense Authorization Bill first included language which announced the intent of the Congress to provide funding for items of Army Guard ground combat equipment to be selected by the Chief, National Guard Bureau, based on his most pressing shortages. Each year since, Congress has provided such funds for both the Army and Air National Guard, which have been expended for communications equipment, howitzers, trucks, medical equipment, aircraft support equipment and other critical items. In FY86, $333 million was appropriated for the Army Guard and $75 million for the Air Guard for that purpose. Even after application of these additional funds, the National Guard will continue to suffer shortages in ground and air combat equipment, communications equipment and medical equipment. We urge the continued funding for miscellaneous equipment in FY87 in order that the Chief, National Guard Bureau, can most effectively apply the funds toward improved readiness of the Army and Air National Guard.

ANG Tactical Fighter/Interceptor Force

The Air National Guard contributes 78 percent of the total air defense fighter interceptor and 26 percent of the tactical fighter force. However, as of the end of FY85, four interceptor units remain equipped with the 26-year-old F-106s and seven units are equipped with F-4C's and F-4D's, now an average of over 20 years old. The tactical fighter force of the ANG is currently equipped with over 44 percent of F-4 aircraft, with an average age of over 19 years. The F-4 is an expensive weapon system to operate, and is in need of several modifications to maintain its wartime effectiveness. To robust ANG fighter units and make progress toward the required 40 tactical fighter wings, an annual procurement level of approximately 300 aircraft is essential. Only 180 F-16s and 48 F-15s will be procured in FY86 and 216 F-16s and 48 F-15s are requested in the FY87 Budget.

The NGAUS has conducted a study of suitability of the Northrop F-20A as a replacement fighter for the air defense and tactical fighter role. The results were highly encouraging. The Air Force has taken the initial step in conducting a competition between the F-16, the F-20, and other suitable aircraft for replacement of air defense aircraft. Initiation of a procurement program to provide up to 300 aircraft to fill the air defense role would enable the Air Force to robust and modernize other ANG tactical fighter units. The NGAUS also supports an increase in F-15 and F-16 procurement to speed up ANG robusting and modernization. Without additional procurement, the tactical fighter force shortages will continue into the foreseeable future.

Airlift

Modernization of the ANG C-130 tactical airlift fleet is essential because:

* There is no planned replacement of the C-130 in the tactical airlift role.

* The DoD decision to buy C-5/KC-10 strategic airlifter does not remedy the shortfall of intra theater airlift.

* The C-130A's presently assigned to the ANG lack the capability to meet the airlift requirements of the Total Force.

* The Air National Guard is currently performing 32 percent of the total Force tactical airlift requirements. The remaining 40 C-130A's, averaging nearly 28 years of age, require replacement.

* In FY78, Congress initiated an add-on program for modernization of the ANG tactical airlift units and, over the last nine years, Congress has continued to provide modern C-130H's for the Air National Guard and the Air Force Reserve.

We consider it imperative that the congressionally-initiated program for new C-130H's be continued in FY87, with 18 additional aircraft, to ensure modern Guard and Reserve forces capable of meeting Total Force airlift requirements.

The C-17 airlift aircraft is also needed to meet both the strategic and tactical role and is to be allocated to the active and Guard units concurrently. The delivery of the C-17 to the total force will reduce manpower requirements and life-cycle costs, provide needed flexibility to airlift forces and speed up modernization of the Air National Guard. We urge full authorization and funding of the Air Force FY87 Budget Request of $612 million for research and development and $217 million for advance procurement.

Mission Support Aircraft

Congress appropriated $12 million in additional funds in FY 1985 for the procurement of C-12 aircraft to begin replacing the aging C-131 mission sup- port aircraft. FY 1986 appropriations provided for procurement of six additional C-12J's; however, competition is required. An immediate requirement exists to continue the congressional procurement initiative for an additional six C-12J aircraft in FY 1987.

Weapons Systems Upgrade

Recognizing that the ANG will of necessity be flying older, less modern aircraft into the 1990s, we believe that those older ANG aircraft should be upgraded. Upgrading of older aircraft extends the useful combat life of the aircraft and maximizes the combat potential achieved from the original invest- ment. For example, a modified A-7, (the

Strikefighter) is a cost-effective solution to the need for a close-air support/battlefield air interdiction (CAS/BAI) aircraft. It would have lower relative cost than procurement of new aircraft of equal mission capability to support the ground forces and would allow its retention in the inventory past the year 2010.

Communications Equipment

ANG combat information systems units (70 percent of Total Air Force capability) and tactical air control units (60 percent of the Total Force capability) are all tasked for rapid worldwide deployment. There is an immediate requirement to procure CE&M equipment valued at approximately $66 million. This will allow procurement of the more critical items of equipment. Remaining Table of Allowances shortages and equipment modernization requirements for ANG CE&M units are in excess of $186 million.

FEDERAL SHARE OF COST OF ARMORIES

The law requires that the cost of new armory construction be shared between the federal government and the states at a 75/25 percent ratio. The states must also provide the land, provide site preparation and bring utilities to the property line plus 100 feet. Following construction and acceptance, the states acquire ownership of the armory and are required by current directives to maintain the armory at state expense and make it available for military use for the next 25 years.

State legislatures are often hard pressed to appropriate the funds required to both construct and maintain armory facilities. During the past two years, congressional action provided some relief to the states. Changes in law authorized, first, 100 percent federal funding of armory expansion projects required as a result of changes in DoD construction criteria or standards relating to the execution of the federal military mission assigned to the unit using the facility, and second, advance federal funding for engineering and design costs on a reimbursable basis with the states.

Congress also authorized cost sharing of major maintenance projects for armories. As armories age, major repair or replacement costs for such things as leaking roofs, faulty plumbing or aging heating systems mount up rapidly. Often states defer the repair or replacement of aging major maintenance items because funds which otherwise might have been available for that purpose had to be used to cover the sharp rises in the cost of heating Guard facilities over the past few years. The provision of federal funds to share in the cost of major maintenance of National Guard armories, to include specific items such as repair or replacement of roofs, heating systems or other utility systems, should help to lessen the impact of the expanded demands on and utilization of armories.

The National Guard Association of the United States also applauds the initiation of federal funding for the provision of space, utilities and communications support of full-time federal personnel, performing a federal mission in existing armories. We strongly urge full funding of such costs beginning in FY87.

The estimated cost of providing full support to Army Guard full-time federally paid personnel and 50 percent of the cost of major armory maintenance projects in FY87 is $25 million.

SUMMARY

Mr. Chairman, I have appreciated this opportunity to present the views of the National Guard Association of the United States on actions needed to improve the combat readiness of the National Guard.

We strongly urge continuation of the New G.I. Bill as a critical recruiting and retention incentive program. We also urge support of the provisions of H.R. 1498, to improve manning in the health profession skills.

We have supported the Army and Air National Guard budget requests for additional full-time support personnel.

We support the current military retirement system, and urge lifting of the 60-point ceiling on credit for participation in inactive duty training. We also urge that in any new Civil Service retirement legislation include a supplemental annuity for National Guard military technicians from the date of retirement until receipt of Social Security.

We support the legislative initiatives to improve family and employer support of National Guard members.

We strongly urge increased efforts to fully equip and modernize the Army and Air National Guard forces.

Finally, we recommend that your subcommittee consider the impact of the increasing number of full-time federally paid support personnel and the expanded federal mission requirements of the Army Guard and provide the full federal share of operation and maintenance funding required for armory operation.

Mr. Chairman, we recognize the serious problems associated with a large budget deficit. While resources devoted to national defense must be held to a minimum, we feel providing manpower, equipment and supporting resources necessary to maximize the wartime capability of our Guard and Reserve forces will provide the most cost-effective capability possible. We cannot afford to jeopardize national defense in the interest of economy, but we certainly must maximize our wartime capability with the resources that can be made available.

We are grateful for the support which you and the members of this subcommittee have provided in the past, and we look forward to your continued support of National Guard requirements in the future.

TUESDAY, APRIL 29, 1986.

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

WITNESS

SERGEANT MAJOR C.A. (MACK) McKINNEY, USMC (RETIRED), LEGISLATIVE COUNSEL

INTRODUCTION

Mr. CHAPPELL. Sergeant Major Mack McKinney, another newcomer.

How many times have you been with us?

Sergeant Major McKINNEY. More than three, sir.

Mr. CHAPPELL. You notice these fellows don't admit anything, they think it has to do with age.

Sergeant Major McKINNEY. It is not age. It has a lot to do with the fact that I don't want anybody to really know that I have been up here that long.

Mr. CHAPPELL. We are proud of all that you do in the Noncommissioned Officers Association.

STATEMENT OF SERGEANT MAJOR McKINNEY

Sergeant Major McKINNEY. Thank you, Mr. Chairman.

I will condense my comments and appreciate that my prepared statement will be placed in the record.

MILITARY PERSONNEL

Of all our defense programs, the most qualified and ready element is that of military personnel. The money spent over the past six to seven years to improve the quality of life for our uniformed services members has paid off in dividends and the question now before Congress is whether it will in the name of Gramm-Rudman-Hollings or the deficit permit the deterioration of that one element in defense that we know is A-OK, NCOA is highly vocal in its praise of today's service members.

They are the brightest, most dedicated, highly motivated and experienced uniformed group the military has had in a peacetime environment.

Granted such quality does cost the services more to keep these people aboard. However, I submit that their ability to obtain the highest of complimentary remarks in accomplishing their tasks today, many under arduous conditions, is more than acceptable testimony to justify any additional cost within reason for people programs.

Our military continues to be highly personnel oriented. It cannot operate efficiently without highly qualified and motivated people. Thus, it is surprising that within the American quest for the dream for riches and leisure we find young men and women choosing dedication over creature comforts to commit themselves to manage the nation's ramparts.

It would be a shame to lose such people so I am here to urge full funding for the fiscal year 1987 military personnel account. Further, I express my association's pride in being able to urge the subcommittee to propose funds that the armed forces can sustain personnel levels to at least the maximum numbers approved in last year's budget.

GI BILL

There are other people issues NCOA has addressed in its prepared statement. One, we would like to echo the General's comment on the GI Bill, for example. We think that is a most important issue, and I am very proud to have been a part of authoring the first bill that was introduced in the House and the Senate on the new GI Bill.

MILITARY RETIREMENT SYSTEM

I would like to comment on one and hope the panel's Members will take a moment to review the others. That issue is quite disturbing to our membership and most uniformed personnel. It is the rush to reform the military retirement system. The final passage of any of the bills now under consideration will adversely affect uniformed members of the armed forces.

I checked and found that most, if not all of this panel, voted for H.R. 4420, but I think that although a lot of thought was given to it, it was misdirected. None went to address the fact that the military forces requires many of its people to retire at 20 years. Most of these are enlisted people in grades E-6 and E-7. Many of them, particularly in grades E-6, will find their future clouded by the fact that they have no advantage in advancements and no pay increase for length of service.

The E-6, for example, will not receive any longevity hike in basic pay after the 18th year. The E-7 must face the probability of not being promoted above his or her current grade because of statute limitations of three percent of total enlisted force for advancements to the next highest grades, so why would anyone want to stay beyond 20 years?

The proposals under consideration may well be titled the "retired officers protection plan." They should be rejected and the current system maintained until a more satisfactory plan is adopted that is less devastating to our enlisted people.

That concludes my statement. I appreciate the opportunity again to appear and if you have any questions, I will be happy to try to answer them.

Mr. CHAPPELL. We certainly appreciate your comments and your kind support of our services. You know we lose sight sometimes of what is going to happen if Gramm-Rudman-Hollings does trigger. We have a tremendous problem and I hope the people across the country can understand if this does trigger, we will lose 200,000, maybe more, people out of the active force and approximately 100,000 out of the reserves. It will be devastating to the services.

So I hope we are going to find a good solution to this problem before we get through.

Mr. Miller, do you have any questions?

Mr. CLARENCE MILLER. No questions.

Mr. Chappell. Thank you very much for your tremendous good work.

[The statement of Sergeant Major McKinney follows:]

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

STATEMENT OF

Sergeant Major C. A. (Mack) McKinney USMC Ret.
Legislative Counsel
before the

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
99TH CONGRESS, SECOND SESSION

April 29, 1986
on
FY 1987 DEFENSE APPROPRIATIONS
(Military Manpower)

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NATIONAL CAPITAL OFFICE
219 N. Washington Street • Alexandria, VA 22314 • Tele: (703) 549-0311

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Mr. Chairman. The Non Commissioned Officers Association of the USA (NCOA) is the largest of the enlisted quasi-military associations chartered in the United States. Its membership is at least 90 percent enlisted, identifiable by NCO and Petty Officer grades E-4 through E-9, with an estimated 83 percent on active duty or in the guard or reserve of the Army, Navy, Marine Corps, Air Force and Coast Guard. In addition to the approximate 11.6 percent of the membership categorized as military retirees, another 13 percent is expected to be transferred to that category during 1986 and 1987.

Military Manpower

The most important item in the defense budget is military manpower. It is this skilled base that operates our state-of-art weapons and equipment, keeps those weapons and equipment in combat-ready condition, and stands prepared around the world to defend and protect this nation and its citizens. Since FY 1980 Congress has improved quality-of-life for military personnel, mostly through increased fundings for compensation, housing, and family-related programs. The result has been a tremendous boost in personnel quality and combat-readiness, the highest ever recorded in the peacetime history of our armed forces.

This very fact was alluded to by the chairman, House Committee on Armed Services, late last year following a series of hearings before his panel. In an analysis of the $1 trillion spent on defense since 1981 he noted that only military personnel showed an "unqualified success." All other military capabilities, he said, were "at best, marginal."

The question now is whether the nation, this Congress and, yes, this President is committed to the retention of the high-state of personnel readiness the military services enjoy today, or shall we return to the 1970s when the status of the forces could be described only as deplorable?

The answer lies in what will be done in the military personnel, operations and maintenance (O&M), and military construction accounts for Fiscal Year (FY) 1987. If any one of the three is affected by even a minor reduction in funds the readiness of the forces suffers. A loss in housing affects morale. A loss in O&M funds affects training. A loss in military personnel funds affects quality, experience, skill and strength levels.1/

This statement makes only light reference to O&M and housing, although both are important in any discussion of defense authorization and fundings. O&M funds include appropriations for training, medical care, etc.; all of which are directly related to people. Likewise with housing. One need not exist without the other. Yet, this association continues to find those in Congress who believe otherwise. "Procurement" and "Research and Development" appear to be the magic combination. Fund these two programs first (using the excuse that only a minor dollar fraction may be salvaged each year from outlays) then cut sharply into people programs. For them there's always the draft.

This sort of theory and practice may save some money today but it's for certain it can strip naked an experienced force of quality manpower.

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1 Military personnel appropriations, for the purpose of this statement, include those earmarked for paying the current and future retired component and survivors.

Funding Request - FY 1987

The FY 1987 Defense Budget contains a request for $74.2 billion in appropriations for military personnel. According to the CONGRESSIONAL RECORD of Feb. 5, 1986, pp H 351-H 354, this sum is about $2 billion greater than that for FY 1986 (see table below). The major increase results from a requested military pay hike of 4 percent and additional manpower of 14,000 for the active forces and 52,000 for the selected Guard and Reserve.

SUMMARY OF BUDGET REQUEST FOR ACTIVE AND RESERVE FORCES

(In millions of dollars)

	Enacted	Proposed sequestration and transfers	Total Fiscal Year 1986	Fiscal Year 1987	Change
Active Forces	$59,610	$3,894	$63,504	$64,738	+ $1,234
Reserve Forces	8,296	358	8,654	9,465	+ 811
Total	$67,906	$4,252	$72,158	$74,203	+ $2,045

The additional personnel for FY 1987 should cost approximately $500 million in FY 1986 dollars (based on average cost per servicemember for FY 1986), or about one-fourth the $2 billion increase referenced in the preceeding paragraph. Yet, there is a pay increase of 4 percent programmed for military personnel costing $2.6 billion. Since these two new items add to a $3.1 billion total there's an apparent savings of about $1.1 billion somewhere in the Department of Defense (DoD) outlays for earlier years.

Wherever the difference is credited, NCOA is concerned that any reduction in the FY 1987 military personnel account, triggered by the Gramm-Rudman-Hollings budget legislation or by a cost-conscious Congress, may cause DoD to seek a decrease in active-duty, year-end strengths below those authorized for FY 1986. Hardest hit would be the enlisted corps; many of its members with five or more years of credible service.

For them there is no severance or rehabilitation pay.

Enlisted Severance Pay

Some years ago NCOA attempted to have Congress address the blatant and inequitable practice of offering severance or rehabilitation pay to the majority of its federal workforce, including commissioned officers of the uniformed services of the United States and foreign employees, but not to enlisted personnel of the Nation's armed forces. A number of Congressional bills were sponsored in the Senate and House, but oversight committees refused to hear arguments for consideration.

DoD officials said they couldn't support the legislation because enlisted personnel were allowed to "cash-in" up to 60-days unused leave at the end of every enlistment. Officers could not. Others claimed no support because enlisted personnel were paid bonuses for each enlistment and reenlistment travel pay. Officers were not.

However, in the mid-1970s the laws were amended limiting the "cash-ins" for enlisted personnel the same as for commissioned officers and terminating automatic bonuses and reenlistment travel payments. "Now," said NCOA, "severance pay for enlisted personnel can be addressed."

But it wasn't. DoD and some-of-the-then-incumbant subcommittee chairmen made the excuse that severance pay was really a subject to discuss only when the military retirement issue came up again in Congress. They stuck by this half-baked reason even after the Defense Officers Personnel Management Act (DOPMA) was adopted a few years later. The amount of severance pay authorized in DOPMA for commissioned officers went from a maximum of $15,000 to $30,000. Still there was no relief for discharged enlisted members with the same number of years of honorable service as may be required of the officers to qualify for severance payments.

Even today- some ten years after enlisted personnel lost eligibility to "cash-in" 60 days of unused leave at the end of each enlistment- and receive automatic reenlistment bonuses and travel payments- there is no severance pay for them. Last year, when DoD submitted the two options prescribed by Congress to change the military retirement system, neither one addressed severance pay for enlisted personnel. Recently, the House Armed Services Committee marked up its new proposed military retirement system. It, too, contains no provisions to authorize severance pay.

NCOA believes that until Congress provides an enlisted severance pay measure, this panel should refuse to provide any funds to accomodate a new military retirement system for enlisted personnel.

COLA

NCOA advocates no reduction in personnel appropriations for the current forces. However, funds requested to add 14,000 active duty and 52,000 reservists should be diverted to pay military retirees and their survivors a cost-of-living adjustment (COLA) in FY 1987- one that was unfairly denied in 1986 and not included in the President's budget for 1987.

The idea that most social security recipients and most veterans in receipt of VA compensation really need the COLA more than military retirees is pure nonsense. Not only are military retirees veterans but many of them are qualifying for and using food stamps in military commissaries. The Exchange & Commissary News, in its March 1986 publication, reported military customers spent $20 million in food stamps in comstores in FY 1985- "a substantial portion... by military retirees and widows of military members."

NCOA believes it is imperative that Congress support the COLA over the President's objection. Further deterioration of promised retirement entitlements will adversely affect the current forces. Experienced and highly-qualified personnel may very well do what their older comrades did in the 1970s- vote with their feet. The Nation can ill-afford a reincarnation of those days, then later have to appropriate funds to repair damages done earlier.

Retirement

NCOA is concerned that any adverse modification to the current military retirement program, even if it is "grandfathered," will be perceived as another deterioration of promised benefits. Most of the proposed changes floating around the Pentagon and Capitol Hill have a built-in COLA provision.

Since Congress isn't keeping its word on COLAs for current military retirees, there's not much hope future retirees will believe this body will sustain such a promise in the years to come.

The House Armed Services Committee (as of this writing) has marked-up a proposed new system (H.R. 44201). NCOA refers to it as the "Senior Officers Retirement Protection Act." It reduces the retired income of mid-level NCOs and Petty Officers (e.g.- E-5s, E-6s and E-7s) to far below minimum proverty levels. Enlisted NCOs and POs in grade E-7, for example, would under the House proposal lose more than $2,000 annually in retired pay, then have to hope Congress will be generous enough to afford them an occasional COLA. NCOA cannot believe Congress would be so inconsiderate as to "buy" the House Armed Services' proposal. Congress should be able to foresee the damage it will do to our future military manpower picture. The bill should be rejected in favor of the best of the plans offered and under consideration.

Other Programs

A. PAY RAISE. Military pay is lagging some 8 percent in comparability pay with the civilian sector. Thus, NCOA advocates adoption of the President's 4 percent increase in military pay to be effective Oct. 1, 1986.

B. OVERSEAS TOUR LENGTHS. NCOA disagrees with Congressionally-mandated, longer unaccompanied tours of duty overseas for servicemembers. Twelve-to-thirteen months is adequate for many places while 18-to-24 months is more than adequate for others. The military services should be able to better qualify the length of tours best suitable for their people. However, if insistence dictates an extension of overseas tours, NCOA recommends that Congress authorize and fund free transportation to and from an eligible place (chosen by the servicemember) so that overseas tours will be less arduous. Authorization should include a period of uncharged leave; perhaps, five days.

C. OVERSEAS TOUR EXTENSION INCENTIVE PROGRAM. NCOA recommends improving this incentive to relate to but be greater than that in item B above.

D. DISLOCATION ALLOWANCE. NCOA agrees with a House subcommittee's 2/ rationale, contained in Section 611 of House Report 99-81, to double the dislocation allowance. Recommend reauthorization and funding for FY 1987.

E. PCS INITIATIVES. Military personnel continue to carry the brunt of out-of-pocket expenses when moving under governmental permanent change of station (PCS) orders. Some alleviation occurred last year in the FY 1986 Defense Authorization and Appropriations Acts, but more improvement is required so that PCS reimbursements relate closer to those authorized federal employees. NCOA recommends increases in the Household Goods Transportation Allowance and a congressional directive instructing DoD to retain the 300-mile per diem travel computation for determining PCS reimbursement.

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[2] House Armed Services Subcommittee on Military Personnel and Compensation

F. HEALTH CARE. NCOA recommends some improvements in the current system of military health care. However, some of the suggestions being made by DoD at this time are confusing and ambiguous. There is too much at stake to change horses in the middle of the stream. Our uniformed services should continue to provide full health care to all eligible personnel while slowly turning over those services to contract civilian health professionals, but keeping in mind the concerns and parochialisms of the military. Congress must remember that reshaping years of promises made by the military, to its enlisted personnel in particular, should be considered sacrosanct and not reversible in a sudden move that alarms the retired military community.

G. ELIMINATION OF CHAMPUS DEDUCTABLE & CO-PAYMENT. NCOA applauds the House subcommittee 2 for proposing in FY 1986 the elimination of CHAMPUS deductable and co-payment for active duty dependents living outside military treatment facility catchment areas. This has been a NCOA goal for many years. It is unfair to force payment, no matter how small, on military personnel for medical care for dependents when assigned to remote places while their comrades, at other locations, may receive free care. NCOA recommends its reauthorization and funding in FY 1987.

H. CATASTROPHIC LOSS PROTECTION UNDER CHAMPUS. The association believes this is a necessary program and highly recommends its reauthorization and funding in FY 1987. There is a need to provide limitations on personal expenses military personnel must pay for long-term illnesses for dependents and when retired.

I. CHIROPRATIC SERVICES. NCOA endorses the authorization and funding of such services within the uniformed services.

J. SURVIVOR BENEFIT PLAN. NCOA wasn't pleased with the full spectrum of amendments to SBP authorized last year. The requirements for spousal endorsement changed the very nature of SBP from voluntary to semi-voluntary. It requires almost mandatory participation unless the spouse agrees to let the husband/wife servicemember opt out of the program or for less coverage. This is particularly disturbing when Congress, almost simutaneously, decided not to give a 1986 cost-of-living adjustment to SBP recipients although the legislative intent of SBP was that COLAs would be provided. Since a servicemember is required to pay to participate in the program, it appears totally inappropriate to force the member to obtain his or her spouse's permission not to participate or opt out for a lesser coverage. The SBP could be an outstanding program if it's "fixed" properly. Regretably, the spousal concurrence is not the way to go. NCOA recommends its repeal and that no further funds be appropriated for use in disseminating information or obtaining a spousal endorsement.

K. NEW G.I. BILL. The Administration's assessment of and its recommendation to terminate this program in exchange for VEAP are really "far out." It's an excellent program that will assist in aiding the services to meet their quality recruiting goals over the next 2 years, or longer if Congress so decrees. The program should be funded in full.

Conclusion

In his Fiscal Year 1987 report to Congress, Secretary of Defense Caspar Weinberger begins by stating: "Debate about the defense budget, especially in an era of deficits, rarely focuses on the big picture. Too many of us cannot see the forest for the trees. Even worse, some of us get caught up in the leaves. In an effort to help us all keep some perspective on the forest, let me identify the four central questions each of us should ask ourself in thinking about U.S. defense programs and budgets."

Mr. Weinberger proceeds with the first three questions then states the fourth is rather difficult to answer- whether our defense budget is being spent wisely and effectively? He falters in providing a response to which is most effective for the price tag, people or weapons?

NCOA states unequivocally that the answer is people. More convincing may be the statement made years ago by the late General George S. Patton, Jr., **"Wars may be fought with weapons but they are won by men."**

NCOA believes that procurement funds particularly those for some strategic weapons and naval ships, can be cut or delayed so that the Nation can maintain the positive manpower readiness capability it enjoys today.

-end-

TUESDAY, APRIL 29, 1986.

NAVAL ENLISTED RESERVE ASSOCIATION

WITNESS

MASTER CHIEF JOHN B. THOMAS, USNR (RETIRED), NATIONAL LEGISLATIVE DIRECTOR

INTRODUCTION

Mr. CHAPPELL. Our next witness is Master Chief John B. Thomas, USNR (Retired), National Legislative Director, Naval Enlisted Reserve Association.

It is good to have you with us.

STATEMENT OF CHIEF THOMAS

Chief THOMAS. Good morning, sir.

Mr. Chairman, the Naval Enlisted Reserve Association appreciates the opportunity to provide testimony to the committee for their consideration.

We will highlight our comments that cover the following items: reserve personnel, anti-submarine warfare, combat search and rescue, and BEQs.

RESERVE PERSONNEL

We fully support the Administration's fiscal year 1987 request of 127,328 selected reserve end strength and the 23,197 full-time support. These increases reflect continued expansion toward full NAMMOS requirements.

In order to recruit and sustain the manpower requirements of the Naval Reserve, recruiting/retention incentives must be applied.

The Naval Enlisted Reserve Association strongly recommends approval and funding for the following programs:

Unit incentive pay for high priority units, selected reenlistment bonus for TARS, and enhanced SELRES bonus program.

The TARS make commitments for reserve training on weekends and also must make regular Navy sea commitments during the week so they are really doing double duty.

It is just terrible, the time they are going to sea. The TARS are at sea continuously and are making commitments when they are reserves and making many, many commitments for the regular Navy.

We have brought it up before to this committee and other committees that we feel that the ships that this committee was instrumental in getting for the Naval Reserve are being abused and we feel that they should stay with the commitment that they were designed for.

ANTI-SUBMARINE WARFARE

The P-3C program is a primary ASW system. The P-3C rate of procurement is essential to maintain force level and the operational effectiveness of our active and reserve forces.

NERA strongly supports the 1987 budget request for the procurement of nine P-3C aircraft, the SH-2 LAMPS MK1 procurement improvement program. The SH-2 LAMPS is a vital asset to the ASW capability and effectiveness.

The FFG-7 frigates have been designed to accommodate two SH-2 LAMPS helicopters.

NERA disagrees with the Navy's plan to only provide one SH-2 per ship. The Naval Enlisted Reserve Association strongly supports the continued procurement of SH-2s to provide two SH-2's for each reserve force FFG-7. We also request funding to initiate the SH-2 weapon system improvement program for all current SH-2s.

BEG'S

Of prime concern to the Naval Enlisted Reserve Association is the inadequate, antiquated World War II barracks. Only one BEQ was requested in fiscal year 1986 and none for 1987.

Enlisted reservists dedicated trained individuals with a high level of expertise and should not be treated as second-class citizens when it comes to berthing.

The Naval Enlisted Reserve Association recommends funding be added to the fiscal year 1987 MCNMR funding of $12.2 million for construction of BEQs at NAS South Weymouth, NAS Glenview, and the naval support activity at New Orleans.

This completes the statement.

Mr. CHAPPELL. We appreciate your remarks and suggestions and agree with you and we hope we can help do the things that you ask.

Mr. Miller.

Mr. CLARENCE MILLER. No questions.

RESERVE SHIP MANNING PROGRAM

Mr. CHAPPELL. Let me ask a question on ship manning. Are you satisfied with reserve ship manning?

Chief THOMAS. No. I feel we are not manned to full capability of the ships. It is high priority manning. Many of the people that come into the reserve program are forced to go on the ships because they have the vacancies. We are getting them manned, but with incentive pay we feel we can man them better.

I feel there is attitude involved that many people don't want to go on the ships because the TARS continuously go to sea and come home on the weekend and you have got to train this guy.

Attitude hurts, because this is what I brought up about the TARS continuously going to sea on these ships.

Mr. CHAPPELL. Thank you.

[The statement of Chief Thomas follows:]

NAVAL ENLISTED RESERVE ASSOCIATION
NERA NATIONAL HEADQUARTERS NERA BUILDING
6703 FARRAGUT AVENUE, FALLS CHURCH, VA 22042-2189
703-534-1329

STATEMENT OF

MASTER CHIEF JOHN B. THOMAS, USNR(RET)

NATIONAL LEGISLATIVE DIRECTOR

NAVAL ENLISTED RESERVE ASSOCIATION

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE,

SUBCOMMITTEE ON DEFENSE

29 APRIL 1986

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

THE NAVAL ENLISTED RESERVE ASSOCIATION APPRECIATES THE OPPORTUNITY TO PROVIDE TESTIMONY TO THE COMMITTEE FOR THEIR CONSIDERATION.

WITH THE IMPACT OF GRAMM-RUDMAN-HOLLINGS, IT WOULD APPEAR TO BE APPROPRIATE TO INCREASE RELIANCE ON THE NAVAL RESERVE, AND THAT MEANS PROVIDING THEM WITH SUITABLE EQUIPMENT, MANPOWER AND INCENTIVE PROGRAMS.

OUR ASSOCIATION FULLY SUPPORTS THE SECRETARY OF THE NAVY, JOHN LEHMAN, AND ADMIRAL JAMES D. WATKINS, USN, CHIEF OF NAVAL OPERATIONS, FOR THEIR COMMITMENT TO THE RESERVE FORCE STRUCTURE AND MODERNIZATION; ALSO THE CONTINUED HORIZONTAL INTEGRATION POLICY OF NAVY AND NAVAL RESERVE.

OUR COMMITMENT WILL COVER THE FOLLWOING ITEMS:

(1) RESERVE PERSONNEL
    STRENGTH
    INCENTIVES
    COMPENSATION
(2) ANTI SUBMARINE WARFARE
    P3C PROCUREMENT
    TACTAS FOR NRF FRIGATES
    SH2 LAMPS MK1 PROCUREMENT AND IMPROVEMENT
(3) COMBAT SEARCH AND RESCUE
(4) BEQS

NAVAL RESERVE STRENGTH

WE FULLY SUPPORT THE ADMINISTRATION'S FY87 REQUEST OF 127,328 SELECTED RESERVE END STRENGTH AND 23,197 FULL TIME SUPPORT. THESE INCREASES REFLECT CONTINUED EXPANSION TOWARD FULL NAMMOS REQUIREMENTS FOR NRF SHIPS, SHORE INTERMEDIATE MAINTENANCE ACTIVITIES (SIMAS), RESERVE FORCE SQUADRONS (RESFORON) AND AIRCRAFT INTERMEDIATE MAINTENANCE DEPARTMENT (AIMD).

RECRUITING/RETENTION INCENTIVES

IN ORDER TO RECRUIT AND SUSTAIN THE MANPOWER REQUIREMENTS OF THE NAVAL RESERVE, RECRUITING/RETENTION INCENTIVES MUST BE APPLIED. BONUSES AND INCENTIVE PROGRAMS ARE VALUABLE TO THIS EFFORT AND MUST BE CONSTANTLY REVIEWED AND ADJUSTED TO MAXIMIZE THEIR EFFECT. THE NAVAL ENLISTED RESERVE ASSOCIATION STRONGLY RECOMMENDS APPROVAL AND FUNDING FOR THE FOLLOWING PROGRAMS:

(a) UNIT INCENTIVE PAY FOR HIGH PRIORITY UNITS

THESE UNITS PERFORM LONGER TRAINING PERIODS OF RELATIVELY ARDOUS DUTY. INCENTIVE PAY WOULD REDUCE THE HIGH TURNOVER RATE OF PERSONNEL (IE NRF SHIPS).

(b) SELECTED REENLISTMENT BONUS FOR TARS

EXISTING LAW LIMITS SRB AUTHORITY ONLY TO "REGULAR COMPONENTS". ENLISTED TARS SERVE SIDE BY SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS AT SEA ON NRF SHIPS. HOWEVER, THE ENLISTED TAR DOES NOT HAVE THE SAME OPPORTUNITY FOR SRB IN CRITICAL SKILLS AS THE REGULAR.

(c) ENHANCED SELRES BONUS PROGRAM

THIS PROGRAM IS NEEDED TO ATTRACT PRIOR SERVICE PERSONNEL THAT ARE BEYOND THEIR MINIMUM SERVICE OBLIGATION WITH FLEET EXPERIENCE. THESE AFFILIATIONS WILL INCREASE READINESS AND REDUCE CRITICAL SKILL SHORTAGES.

COMPENSATION

THIS SUBJECT CONCERNS A GROUP OF RESERVISTS WHO HAVE COMPLETED 20 YEARS OF QUALIFYING SERVICE BUT WHO HAVE NOT YET REACHED AGE 60 AT WHICH TIME THEY WOULD BE ELIGIBLE TO DRAW RETIRED PAY. THESE INDIVIDUALS ARE IN AN AMORPHOUS SITUATION WHEN IT COMES TO RETIREMENT BENEFITS. THEY HAVE SERVED THEIR COUNTRY WITH HONOR BUT WILL NOT DRAW A Penny's ~~PENY'~~S WORTH OF RETIREMENT COMPENSATION UNTIL THEY REACH AGE 60. DURING THE PERIOD BETWEEN THE TIME WHEN THIS GROUP RETIRES WITHOUT PAY AFTER THEIR QUALIFYING SERVICE AND WHEN THEY REACH AGE 60 THEY ARE NOT ELIGIBLE TO SHOP AT EITHER THE EXCHANGES OR THE COMMISSARIES. THE PRECEPTION AMONG THE RESERVISTS IS THAT THEY ARE SECOND CLASS CITIZENS - A GROUP OF FORGOTTEN PATRIOTS. WE DON'T BELIEVE THE ACTIVE FORCE WOULD OR SHOULD BEGRUDGE THESE INDIVIDUALS THE PRIVILEGE OF USING THE EXCHANGE AND COMMISSARY FACILITIES. TOTAL FORCE HAS TO BE MEANINGFUL ACROSS THE SPECTRUM OF PRIVILEGES AS WELL AS RESPONSIBILITIES IF IT IS TO MEAN WHAT THE TERM CONNOTES. WE DO NOT BELIEVE THAT THERE WOULD BE ANY ONSLAUGHT OF ADDITIONAL ACTIVITY AT THE EXCHANGE OR COMMISSARIES.

PROCUREMENT P-3C PROGRAM

THE P-3C IS A PRIMARY ASW SYSTEM. ACCORDINGLY, THE P-3C RATE OF PROCUREMENT IS ESSENTIAL TO MAINTAIN THE FORCE LEVEL AND THE OPERATIONAL EFFECTIVENESS OF OUR ACTIVE AND RESERVE FORCES. OUR CONCERN IS THE SHORTAGE OF P-3C AIRCRAFT FOR THE MID 90'S. UNLESS ADDRESSED NOW, IT WILL RESULT IN THE LOSS OF 50% OF THE RESERVE SQUADRONS BY 1995. NERA STRONGLY SUPPORTS FY87 BUDGET REQUESTS FOR PROCUREMENT OF NINE (9) P-3C AIRCRAFT. FUNDING FOR THE PROCUREMENT IS CRITICAL.

TACTICAL TOWED-ARRAY SONAR (TACTAS)

SINCE FY81, THE NAVAL ENLISTED RESERVE ASSOCIATION HAS CONSISTENTLY SUPPORTED MODERN, UPDATED SURFACE SHIPS FOR THE NRF. IN FY87, TRANSFER OF 3 FFG-7'S AND TWO 1052'S TO THE NAVAL RESERVE. THIS WILL INCREASE THE INVENTORY OF 12 FFG-7'S AND SEVEN 1052 FRIGATES. A REVIEW OF THE TACTAS INSTALLATION SCHEDULE REVEALS ONLY 2 FRIGATES WILL BE EQUIPPED WITH TOWED-ARRAY SENSOR SYSTEMS IN FY87. THIS NUMBER INCREASES GRADUALLY UNTIL FY90, WHEN FOUR 1052'S AND 7 FFG-7'S WILL RECEIVE THE CRITICAL ASW SENSOR SYSTEM. OVER 50% OF THE NRF FRIGATES WILL NOT HAVE ANY TOWED-ARRAY SYSTEM INSTALLED. NERA RECOMMENDS CONTINUOUS FUNDING FOR THIS CRITICAL MODERNIZATION PROGRAM.

SH-2 LAMPS MK-1 PROCUREMENT AND IMPROVEMENT PROGRAM

THE SH-2 LAMPS MK1 HELICOPTER IS A VITAL ASSET TO THE ASW CAPABILITY AND EFFECTIVENESS.

THE FFG-7 FRIGATES HAVE BEEN DESIGNED TO ACCOMODATE TWO SH-2 LAMPS MK1 HELICOPTERS. NERA DISAGREES WITH NAVY'S PLANS TO PROVIDE ONLY ONE (1) HELICOPTER PER SHIP. THE NAVAL ENLISTED RESERVE ASSOCIATION STRONGLY SUPPORTS THE CONTINUED PROCUREMENT OF SH-2'S TO PROVIDE 2 SH-2'S FOR EACH RESERVE FORCE FFG-7'S. EIGHTEEN ADDITIONAL AIRCRAFT IS REQUIRED. WE ALSO REQUEST FUNDING TO INITIATE THE SH-2 WEAPON SYSTEM IMPROVEMENT PROGRAM FOR ALL CURRENT SH2'S.

COMBAT SEARCH AND RESCUE (CSAR)

IN FY85, CONGRESS ADDED $12M TO THE NAVY PROCUREMENT BUDGET AND ANOTHER $25M IN FY86 TO ALLEVIATE THE DEFICIENCIES IN THE NAVY'S COMBAT SEARCH AND RESCUE (CSAR) AND SPECIAL WARFARE SUPPORT CAPABILITY. FY87 BUDGET CONTAINS NO FUNDING REQUEST FOR CSAR. THE NAVAL RESERVE FORCE, WHICH SUPPORTS THESE MISSIONS, CONSISTS OF 1 HC SQUADRON EQUIPPED WITH HH-3A AIRCRAFT WITH COMBAT SEARCH AND RESCUE AS A PRIME MISSION. TWO (2) OTHER SQUADRONS (HAL-4 AND HAL-5) ARE EQUIPPED WITH HH-1K GUNSHIP HELICOPTERS TO SUPPORT THE SPECIAL WARFARE MISSION. INADEQUACIES OF BOTH AIRCRAFT HAVE LONG BEEN RECOGNIZED. IN FY85, THE NAVAL RESERVE ASSOCIATION PROPOSED A LOW COST PROCUREMENT OF UH-60 BLACKHAWKS THAT WOULD BE A BETTER AND MUCH MORE COST-EFFECTIVE INITIATIVE. CONGRESS AGREED, AND PROVIDED PROCUREMENT FUNDING. TO DATE, NO AIRCRAFT HAVE BEEN PROCURED.DUE TO THE NRA EXPERTISE IN CSAR AREA, NERA FULLY SUPPORTS THE NAVAL RESERVE ASSOCIATION RECOMMENDATIONS FOR THE CSAR PROGRAM.

BEQ'S

A PRIME CONCERN OF THE NAVAL ENLISTED RESERVE ASSOCIATION IS THE INADEQUATE, ANTIQUATED, WOODEN WORLD WAR II BARRACKS. ONLY ONE (1) BEQ WAS REQUESTED IN FY86 AND NO BEQ PROJECTS FOR FY87. ENLISTED RESERVISTS ARE DEDICATED, TRAINED INDIVIDUALS WITH A HIGH LEVEL OF EXPERTISE AND SHOULD NOT BE TREATED AS SECOND CLASS CITIZENS WHEN IT COMES TO BERTHING. THE NAVAL ENLISTED RESERVE ASSOCIATION RECOMMENDS FUNDING BE ADDED TO THE FY87 MCNR FUNDING OF 12.2M FOR CONSTRUCTION OF BEQ'S AT NAS SOUTH WEYMOUTH, NAS GLENVIEW AND THE NAVAL SUPPORT ACTIVITY, NEW ORLEANS.

MR. CHAIRMAN, THIS COMPLETES OUR STATEMENT. IF THERE ARE ANY QUESTIONS, WE WOULD BE PLEASED TO PROVIDE ANSWERS FOR THE COMMITTEE.

TUESDAY, APRIL 29, 1986.

THE AMERICAN LEGION

WITNESSES

JOSEPH E. MILLER, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION

JAMES HUBBARD, DEPUTY DIRECTOR, NATIONAL SECURITY COMMISSION

INTRODUCTION

Mr. CHAPPELL. Mr. Joseph Miller and Mr. James Hubbard, American Legion.

Gentlemen, we are happy to have you with us today.

STATEMENT BY MR. MILLER

Mr. JOSEPH MILLER. I am Joseph E. Miller, Assistant Director of the American Legion's National Legislative Commission and with me is James Hubbard, Deputy Director of the American Legion's National Security Division who will deliver our testimony.

We ask that our entire testimony be entered into the record.

STATEMENT BY MR. HUBBARD

Mr. HUBBARD. Thank you, Mr. Chairman.

We are pleased to be back again. We haven't been here quite as many times as Mr. McKinney and General Weber.

This is a year of critical importance to the future direction of security policy. There are issues that will be resolved or at least addressed this year which are of major importance to the armed forces, reorganization of the chiefs, SALT II compliance, the effect of Gramm-Rudman-Hollings, retirement reform.

We are an organization with a lot of interests. In fact, this month we will participate in 17 hearings. Only two of them are related to defense.

MODERNIZATION

We are very much aware of the impact of fewer Federal dollars on a lot of different programs. Over the last five years there has been a rather substantial redirection and modernization in the armed forces. We would like to see that continue.

Because of these modernization efforts, the world is a safer place and the arms control process has been enhanced. We feel that meaningful arms control is a desirable goal for this nation.

We note, however, that substantive discussions with the Soviets usually only occur on a demonstration of U.S. resolve and not unilateral restraint on the part of the United States.

CHEMICAL WEAPONS

There are several areas of importance to our members we would like you to consider. We are pleased that the Congress has agreed to upgrade the chemical weapons capability of the armed forces.

The first time the Soviets came to the table on arms control for chemical weapons was last year when funding for chemical weapons occurred in the Congress.

STRATEGIC DEFENSE INITIATIVE

The next subject, Mr. Chairman, is the SDI. It will advance science and at the same time make the world a safer place.

Emphasis on this program is on research. There are many hurdles to overcome. To avoid attempting to develop a strategic defense umbrella would ignore a legitimate option of defense.

Once again, when the U.S. proposed strategic defense, the Soviets are back at the arms control table saying that is a No-No.

GI BILL

I echo the comments of the two previous witnesses on the GI Bill. The Army has been particularly effective in utilizing the GI as a recruiting tool and sometimes as a retention tool. The Army has the biggest problem. It is difficult to recruit somebody to go live in the mud.

MILITARY PAY

We are continuing to become more concerned over the trend in military pay. We don't want to return to the days of a hollow Army or Navy that is short 20,000 mid-level supervisors.

We note that the President has requested a four percent increase. That is probably not enough, less than we hoped for, but a major step in the right direction.

BENEFITS

We believe there will be another attempt this year to reduce commissaries. We think experience has shown that when quality of a military person's life is eroded, the resultant shifts in morale are inevitably followed by a significant drop in readiness.

Service men and women are no different than their civilian counterparts. They make career decisions based on economic principles and they react negatively when real or perceived benefits are changed or eroded by inflation and neglect.

We have spent six years and a lot of money to recruit and train and equip and field the finest military force in the world. These efforts will be wasted if the Congress does not reassure the people of our armed forces that it seeks to protect their interest and appreciates their services.

If we relent and let the force deteriorate, we will have created a situation where service members will leave to more lucrative and attractive carriers in civilian life.

We compete with a nation that does not wish us well. We can compete successfully, but to continue to do so we have to remain strong.

Mr. Chairman, we would urge a bipartisan spirit on these issues. It is only through cooperation that the future of our country can be assured.

I will be happy to answer any questions you might have, Mr. Chairman.

Mr. **CHAPPELL**. Gentlemen, thank you.

Many of us lose sight of the fact that after the first slice of Gramm-Rudman-Hollings, we ended up with about a six percent negative growth in 1986, so we especially appreciate your remarks.

Mr. Miller?

REASONS FOR LEAVING SERVICES

Mr. **Clarence Miller**. Mr. Chairman, I do have a question just for clarification.

In your statement, you mentioned that service members will leave the armed forces for more lucrative and attractive careers in civilian life.

Do you have facts and figures on how many have left and for what reason? Money only?

Mr. **Hubbard**. There are several reasons. As far as facts and figures, the services have those and we would be willing to provide them. I can provide anecdotal experience.

For example, the Navy runs the single best training school for nuclear reactor operators in the entire world. There are lucrative careers out there for trained people to operate nuclear reactors in civilian life and if service life deteriorates to the point where their benefits are being eroded, those people will leave.

There were ten senior Air Force sergeants working for the airlift wing at Andrews Air Force Base that serve the President and the executive agencies—this is Air Force One and the crews of people that fly that fleet of airplanes.

All seven of those senior enlisted men with slightly more than 20 years of service have left the service because of retirement reform. They are afraid they will lose something if they stay on, so they are out.

Mr. **Clarence Miller**. Thank you.

Thank you very much, Mr. Chairman.

Mr. **Chappell**. Gentlemen, thank you very much. We certainly appreciate what The American Legion does for our country.

[The statement of Mr. Miller and Mr. Hubbard follows:]

Statement of
The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

JOSEPH E. MILLER, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

JAMES HUBBARD, DEPUTY DIRECTOR
NATIONAL SECURITY COMMISSION
THE AMERICAN LEGION

before the

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
U.S. HOUSE OF REPRESENTATIVES

on

FY '87 DEFENSE APPROPRIATIONS

April 29, 1986

Mr. Chairman, we are pleased to again present the views of The American Legion on the national defense needs of our country. We do not envy you your task. As you know, The American Legion feels that this year is one of critical importance to the future direction of national security policy for the United States. The reorganization of the Joint Chiefs of Staff, new roles for the Chairman of the Joint Chiefs, SALT II compliance, the impact of Gramm-Rudman-Hollings legislation on funding levels for the Department of Defense, military retirement reform and the impact that these changes will have on recruiting and personnel policies will be actively considered by Congress this year.

As an organization with a multiplicity of interests we are aware of the impact that fewer federal dollars will have on a wide variety of programs. Indeed, during the month of April, American Legion representatives will participate in seventeen hearings on various subjects of interest to our organization including two dealing with the national defense. To illustrate the Legion's understanding of the national security needs of our nation we would like to submit the attached resolutions and request that they be made a part of the record. According to our analysis, the Administration's FY '87 budget request, as submitted, will largely fulfill the goals of these resolutions to ensure the peace and security of the United States.

The mission of the armed forces is to protect the interests of the United States in any area around the world. The armed forces do not determine what or where those interests are -- that is done by the President in consultation with the Congress. But the armed forces must be prepared to respond adequately to any threat to the national interests of the United States.

Over the last five years, a rather substantial redirection of the armed forces has been accomplished. The United States Army to include the Army reserves and the National Guard are receiving modern battlefield equipment such as the M-1 tank and the Bradley fighting vehicle. The Navy already has six hundred ships either under construction or under contract and funded. The Air Force is beginning to deploy the new B-1 bomber, new squadrons of cruise-missile armed B-52 bombers and the new MX missile will be deployed soon. Because of these and many other improvements, we feel the world is a safer place and the arms control process has been enhanced. We also feel that meaningful arms control is a desirable goal for the United States to pursue. However, it has been our observation that substantive discussions with the Soviet Union on arms control has always been the result of a demonstration of U.S. resolve, not the result of unilateral restaint. The defense buildup of the last five years has shown that resolve and is the result of a bipartisan effort. Because of our varied interests and involvement in many programs of interest to this subcommittee, we are in a somewhat unique position to see how that spirit of bipartisanship has been absolutely necessary to the rebuilding of the armed forces that has been achieved thus far. We also recognize that the future of these programs, as well as others of importance to the national defense will depend absolutely on our ability to continue that bipartisan spirit of cooperation.

The annual exercise of debating the defense budget is really a debate of national will, a debate of how far we are willing to go in terms of the allocation of taxpayers' dollars to ensure the continuation of our way of life on this continent, and how best to encourage the spread of democracy elsewhere in the world. To this end, there are several areas of importance to our membership that we would like you to consider. First, we are pleased that Congress has agreed to upgrade the chemical weapons capability of the armed forces. The money spent to develop and procure more modern protective gear for military personnel and to conduct the reasearch necessary to provide for effective medical treatment for chemical and biological combat casualties is well spent in our opinion. Likewise, the expenditure of funds for the demilitarization and destruction of existing obsolete stocks of chemical weapons and eliminate a potential environmental tragedy is fully justified.

Equally important is the decision to begin to procure new stocks of modern and safe binary chemical weapons. It is no secret that the Soviet armed forces are trained, equipped and structured to conduct offensive and defensive chemical warfare. They have deployed a variety of chemical and biological agents along with their delivery systems and have a tactical doctrine for the large-scale use of such systems. There is also a growing body of evidence which suggests that the Soviets have engaged in testing and perhaps modifying their doctrine by employing these systems in Afghanistan, Southeast Asia and the Persian Gulf. The United States needs the capability to counter these threats with a broad spectrum of response with the ability to conduct a retaliatory strike should the Soviets use their systems first. The binary weapons under development represent a major advance over the previous systems which now comprise our deterrent and they merit your approval. We also note with interest that the Soviets seemed to have no interest in progress at talks to ban chemical weapons until the United States demonstrated its resolve by a return to the procurement of chemical weapons one year ago.

Our next subject, Mr. Chairman, concerns what we consider to be the most important step take recently to modernize our armed forces, to advance science and, at the same time, to make the world a safer place, the Strategic Defense Initiative. As you know, the emphasis of this program is on research to decide whether the technology is possible. There are many hurdles to be overcome, technical and political, but to avoid attempting to develop a strategic defense umbrella would ignore a legitimate option of defense which would raise the nuclear threshold and stabilize the strategic balance at a level which makes the world a safer place.

We recognize that tremendous technical challenges face this effort to create a defense against nuclear missiles. But we also realize that American government in coordination with American industry landed men on the moon almost twenty years ago. The ability of this nation to respond to technical challenges is unmatched by any other nation. If we choose to develop a strategic defense we can do so. Once again, it is a matter of national will. I would point out that the possibility that the U.S. might be able to build and deploy a defensive system and thereby partially void an overwhelming Soviet advantage in nuclear warheads brought the Soviets to the bargaining table with something other than proposals which used up a lot of bargaining time and amounted to very little substance. We urge enough funds to continue aggressive research on this important initiative.

Mr. Chairman, The American Legion is also becoming more and more concerned over the trend in military pay over the past several years. Recent surveys, as well as studies conducted over the last several years, indicate that real military compensation has fallen behind comparable civilian salaries. While these studies do not agree in every detail, they consistently point up the need to increase military compensation to levels that are commensurate with the private sector. There is no question but that we do not want to return to the days of a "hollow army" or a Navy that is short 20,000 mid-level supervisors. To remedy this problem, in part, the President has requested a 4 percent increase in the pay of active duty military personnel for the upcoming fiscal year. While we would like to see immediate comparability established we recognize the dilemma posed by competing interests for scarce revenue. Accordingly, while a 4 percent raise is less than we would have hoped for it is nonetheless a major step in the right direction.

Mr. Chairman, we believe that there will be another attempt to reduce or eliminate the commissary subsidy this year. According to the commissary mission statement, "Commissaries are an institutional economic benefit in the form of nonpay compensation provided to military personnel and their dependents. They are a proven, efficient method of compensating military personnel. Commissaries sell groceries and household items at the lowest practical price, in facilities comparable to commercial food outlets. The stores are operated to preserve and foster the significant value of the benefit to the economic and psychological well-being of the military community." Independent research indicates that active duty men and women and their families view the commissaries as the second most important benefit available to them and to eliminate this benefit would affect the morale and welfare of the men and women who serve in this nation's Armed Forces. Past experience has shown that when the quality of a military person's life is eroded, the resultant shifts in morale are inevitably followed by a significant drop in readiness. Indeed, servicemen and women are no different than their civilian counterparts when it comes to career decisions based on economic principles and react just as negatively when real or perceived benefits are changed or eroded by inflation or neglect.

This country has spent six years and a lot of money to recruit, train, equip and field the finest military force in the world. But these efforts might will be wasted if Congress does not reassure the people of our Armed Forces that it seeks to protect their interests and appreciates their service and sacrifices for our country. If we relent and let this force deteriorate we will have created a situation whereby servicemembers will leave the Armed Forces for more lucrative and attractive careers in civilian life.

Mr. Chairman, The American Legion understands that our country is facing some rather striking economic challenges. The industrial base of the U.S. is being opposed by efficient foreign competition with substantially lower labor costs. Equally troubling is that U.S. manufactured goods are not competitive in foreign or domestic markets. In some basic industries, continuing high rates of unemployment has given rise to a strong protectionist sentiment. There are those who would have us believe that there is a need to retrench, to spend less on defense and more on social programs and to ensure that U.S. industry is protected form foreign competition. We disagree, we do not think that we can afford to revert to the fortress America of this country's past. We are simply too dependent on other areas of the world to allow them to succumb to the socialist dictatorships now being established around the world. Implementation of this isolationism is a weak foreign policy that would result in a serious contraction of this nation's economy and a worsening of the world's economic situation. An inward-looking America would no longer have the will to protect its worldwide interests. Freedom and democracy would suffer as our enemies inherited the natural resources on which the free world economy depends. The United States is competing with a belligerent, totalitarian, socialist, military power that governs by force of arms. This power will continue to challenge our national interests in areas where it perceives we are weak or lack resolve and will continue to threaten the spread of democracy and our way of life. To continue to compete we must, as a nation, remain strong.

Mr. Chairman, we again urge a bipartisan spirit of these issues for it is only through cooperation that the future of our country can be assured.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 11

COMMITTEE : NATIONAL SECURITY

SUBJECT : PEACEKEEPER MISSILE

WHEREAS, The mission of Peacekeeper is to insure that deterrence is maintained by restoring to our ICBM force the capability to credibly threaten those hardened assets which the Soviets value most; and

WHEREAS, The Peacekeeper Missile is a critical element of a carefully designed program and will help ensure effective deterrence and provide the necessary foundations for meaningful arms negotiations and reductions; and

WHEREAS, The pace and scope of Soviet ICBM developments and SILO hardening efforts in recent years have eroded the capability of current U.S. ICBM systems and caused a destabilizing imbalance between U.S. and Soviet strategic forces; and

WHEREAS, The Soviet buildup of nuclear weapons continues, with development of several new intercontinental ballistic missiles (ICBMs) including the SS-X-24 and SS-X-25 -- which is believed will be deployed both in silos and on mobile launchers over the next few years; and

WHEREAS, The Soviets have consistently and systematically violated current Arms Control Agreements; and

WHEREAS, The current Administration has been accused of lack of movement on new Arms Control Agreements, while it is the Soviets who have failed to participate in negotiations; and

WHEREAS, The President's Commission on Strategic Forces (Scowcroft Commission) has concluded that: deployment of 100 MXs is essential in order to remove the Soviet advantage in ICBM capability and to help deter the threat of conventional or limited nuclear attacks on the alliance. Such deployment is also necessary to encourage the Soviets to move toward the more stable regime of arms control; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that The American Legion urge our Congressional Representatives to appropriate without delay the necessary funds for the procurement and deployment of as a minimum 100 MX "Peacekeeper" missiles.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 40

COMMITTEE : NATIONAL SECURITY

SUBJECT : COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE SYSTEMS

WHEREAS, Our Command authorities, both military and civilian, require timely, accurate, and unambiguous information to plan military operations and to select alternative courses of action; and

WHEREAS, All Commanders and their staffs must then be assured that the decisions and direction emanating from this information can be clearly and accurately communicated to the forces and weapons systems under their control; and

WHEREAS, Typically these systems consist of an array of sensors, communications links, command and control support facilities, and information processing and display equipment which collectively constitute a significant combat multiplier; and

WHEREAS, It is imperative that C^3I systems be provided that maximize the performance of our weapons systems and the operability of our forces in terms of survivability, endurability, inter-operability, and effectiveness; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we urge the Administration and Congress to provide the necessary authorizations and appropriations for force structure improvements in the area of Command, Control, Communications and intelligence (C^3I).

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 41

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY RETIREMENT SYSTEM

WHEREAS, The military retirement system is linked with both the force management requirements and the compensation system for the armed forces; and

WHEREAS, The military retirement system exists to serve the following vital needs:

(a) To provide for a uniform flow of personnel through the personnel structure in order to maintain a young, vigorous and effective force capable of operating both in times of peace and war;

(b) To recognize the long-term voluntary acceptance of highly restricted disciplined and controlled career in a society where others enjoy greater individual freedoms and to recognize the arduous nature of duty in the uniformed services;

(c) To maintain a mobilization base of experienced personnel who can be rapidly recalled to active duty;

(d) To provide for the long-term financial security of career military members; and

(e) To recognize that the personnel system is a closed entry system where mid and senior grade careerists leaving the system normally can only be replaced by new, entry level accessions; and

WHEREAS, The military retirement system is related to other retirement systems only to meet the objectives of an institutional or corporate entity; and

WHEREAS, In the period of 1980-84, Congress without benefit of public hearings or consideration of the impact on the active force, escalated the rapidity with which piecemeal changes to the retirement system were made--all apparently driven by budgetary concerns; and

WHEREAS, The President's Private Sector Survey on Cost Control (Grace Commission) has recommended radical changes to the military retirement system which if enacted would severely impact on retention of skilled and experienced personnel; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we believe the current retirement pay system is adequate, and meets the goals of force management within the Armed Forces; and be it further

RESOLVED, That The American Legion insists that any contemplated changes in the retirement system must adhere to the following principles:

(a) The retirement system must be fair to both the service member and the taxpayer; it must be adequate to attract but primarily to retain the number of quality and experienced personnel required to perform the services' missions;

(b) The system must be stable to permit the individual service member to satisfactorily plan for the future; however, recognizing that future changes may be necessary, these changes should apply to new service entrants while at the same time honoring commitments to those serving and already retired;

(c) The retirement annuity should be indexed to protect its future purchasing power; the same index should apply to all forms of service retirement and the survivor benefits based on the retired annuity;

(d) The retirement system must include an optional method for a retiree to provide for survivors; and

(e) The retirement system must provide for equitable treatment for all service members entitled to the retirement benefit.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 47

COMMITTEE : NATIONAL SECURITY

SUBJECT : EDUCATIONAL ASSISTANCE FOR APPRENTICESHIPS AND ON-THE-JOB TRAINING

WHEREAS, The recently enacted Veterans Educational Act of 1984 does not provide for apprenticeship and/or on-the-job training; and

WHEREAS, Since 1944 literally hundreds of thousands of veterans have received some form of training under the G.I. Bill; and

WHEREAS, Historically, apprenticeship and/or on-the-job training is accepted as the most successful method of training job recipients; and

WHEREAS, Many areas of skill and training/development are not available via an educational institution except through apprenticeship; and

WHEREAS, Most employers require a satisfactory period of education and on-the-job training as part of their employment; and

WHEREAS, A high percentage of high school graduates do not desire to go to college but do desire to continue their education; and

WHEREAS, The cost of on-the-job training/apprenticeship has been historically more effective than other forms of skill training; and

WHEREAS, Benefits accruing to American business and industry have been substantial; and

WHEREAS, The need is present as pointed out by enactment of P.L. 98-77 "Emergency Veterans Job Training Act of 1983"; and

. . .

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SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 61

COMMITTEE : NATIONAL SECURITY

SUBJECT : RAPID DEPLOYMENT FORCES

WHEREAS, U.S. stragegic mobility forces are currently unable to meet NATO reinforcement objectives or to project credible United States forces to areas where our national interest may be threatened; and

WHEREAS, The Army's prepositioned equipment and war reserve stocks are inadequate for many contingencies; therefore, mobility forces, both air and sea, must be increased to provide flexible power projection; and

WHEREAS, The planned conversion of Navy SL-7 container ships to roll-on, roll-off (RO/RO) configuration is essential and high priority must be given to research and development programs for surface ships which will project forces rapidly to augment air-lifted forces in the future; and

WHEREAS, While prepositioning of material configured to unit sets (POMCUS) remain a key part of th strategic mobility picture, critical shortages still exist in the area; and

WHEREAS, The development of intermediate staging sites in the Persian Gulf region is essential to improve the support for the Central Command (USCINCENT) because no combat force can perform its mission if it is not at the right place, at the right time with the right material; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we strongly urge the Congress to authorize and appropriate sufficient funds to provide for the needed U.S. Army strategic mobility improvements.

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AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 72

COMMITTEE : NATIONAL SECURITY

SUBJECT : B1-B BOMBER AND ADVANCED TECHNOLOGY BOMBER (ATB)

WHEREAS, Over the past several decades, the modernization of U.S. strategic forces has not kept pace with the relentless growth of Soviet nuclear capabilities, and our deterrent posture has eroded so that we now face a formidable challenge; and

WHEREAS, An announced comprehensive plan for modernizing our strategic forces includes production of the B1-B bomber in the 1980s while we pursue vigorous development of an advanced technology bomber (ATB) Stealth aircraft for deployment during the 1990s; and

WHEREAS, The cost of maintaining the aging B-52s through the 1990s to the year 2000, including the modifications and essential improvements, would exceed the entire cost of the B1-B program; and

WHEREAS, The B1-B bomber is strategically not just an interim bomber, but a highly versatile aircraft that can function well into the 21st century, and when the Stealth is deployed, can then serve as cruise missile carriers, replacing the B-52s; and

WHEREAS, The Department of Defense stated that the B1-B can be built for the projected cost of $20.5 billion because the engineering is complete, the design is mature and tested, and the basic plane has undergone almost 2000 hours of highly successful flight testing; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we support the President's decision to produce the B1-B bomber now, followed by the eventual introduction of the ATB because it is a militarily sound and cost-effective contribution to our nation's strategic force modernization program to improve our nuclear deterrent posture.

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RESOLUTION NO.: 74

COMMITTEE : NATIONAL SECURITY

SUBJECT : CHEMICAL WARFARE DEFENSE

WHEREAS, Soviet military doctrine envisages the use of chemical weapons, and acknowledges their value, particularly when used in massive quantities and in surprise attacks, they also possess a wide variety of lethal and incapacitating chemical agents and the means to deliver them; and

WHEREAS, The Soviet Union has invested heavily in individual and collective protection and decontamination equipment, and trains with actual chemical agents; and

WHEREAS, In contrast with the Soviet Union during most of the 1970s, the U.S. allowed its retaliatory capability to decline and has done little to improve defense against the use of chemical in wartime; and

WHEREAS, The ultimate goal in the area of chemical warfare is a complete and verifiable ban on the development, production and stockpiling of chemical weapons; until such a ban can be obtained, the U.S. objectives should be consistent with existing treaties and international law to deter the use of chemical weapons; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we call upon Congress to authorize and appropriate monies for chemical warfare defense, to embark on a realistic research, development and acquisition program to deter the Soviet Union's use of chemical weapons; and, be it further

RESOLVED, That we believe this program, which has at its core the production of binary munitions, will improve our chemical defensive ability while providing an incentive for meaningful arms control efforts.

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RESOLUTION NO.: 75

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT OF ARMY AND MARINE CORPS LAND FORCES

WHEREAS, The land forces of the United States -- the Army and Marine Corps -- occupy a central place in our conventional force planning and as our only combat force capable of holding or retaking territory, they are key to our deterrent strength and forward-defense capabilities; and

WHEREAS, In support of their deterrent role, Army divisions are stationed in Europe and the Western Pacific, Marine Amphibious forces are deployed at sea and a reservoir of rapidly deployable forces -- both Army and Marine -- are maintained in the United States; and

WHEREAS, For our land forces to provide the capabilities we need, they must be: structured properly; able to respond quickly; capable of sustained combat; and provided with modern weaponry and equipment; and

WHEREAS, The fiscal years 1986-90 program continues a major, and long-overdue, modernization of land forces; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we urge the Administration and Congress to support the Army and Marine Corps efforts of modernizing the United States land forces by providing necessary authorization and funding.

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RESOLUTION NO.: 77

COMMITTEE : NATIONAL SECURITY

SUBJECT : COMMENDING THE DEPARTMENT OF DEFENSE IN CURBING WASTE, FRAUD AND ABUSE

WHEREAS, President Eisenhower in his farewell address on January 17, 1961, alerted the nation to the grave implications of the military-industrial complex, he said, "...In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together"; and

WHEREAS, Since April, 1981, the Department of Defense and the Defense Inspector General completed some 77,134 audits, resulting in a potential savings to the U.S. Government of over $9.5 billion; and

WHEREAS, Thus far, as of March 31, 1985, an aggressive audit follow-up -- long the achilles heel of the audit program -- 186,714 corrective actions have been completed on 59,156 DOD internal audit reports, 2,534 corrective actions on 1,213 General Accounting Office reports have been taken, and an additional 3,782 DOD and GAO reports are being tracked; and

WHEREAS, More recently increased emphasis has been placed on procurement fraud involving major DOD contractors and providers of medical care; such as, an investigation of one corporation which revealed mischarging of labor hours from one contract to another, resulting in the corporation paying $30,000 in fines, $650,000 in damages, and being barred from recovering $300,000 in legal and defense fees; and

WHEREAS, Suspensions and Debarments of contractors has risen from 179 in 1982 to 402 in fiscal year 1984; and

WHEREAS, Since DOD established a Hotline in June of 1981 to encourage reports of waste, fraud and abuse in defense programs, over 23,000 calls or letters have been received resulting in a documented savings of $3.5 million; and

WHEREAS, Secretary of Defense Caspar W. Weinberger, on March 5, 1985, in Washington, D.C., when telling Legionnaires of efforts by the Defense Department to reduce waste, fraud and abuse said, "...We have conducted massive reviews and audits to uncover problems which often, as in the case of our own spare parts study, have just opened us up for further criticism. We have expanded competition for defense contracts, increased economical multi-year production, instituted more realistic budgeting, and thrown the book at defense contractors who defraud the taxpayer."; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we commend the long overdue efforts of the Department of Defense, the Defense Inspector General, and the General Accounting Office in identifying and curbing waste, fraud and abuse, and urge even more vigorous efforts in ferreting out those, who with intent, defraud the U.S. Government; and, be it further

RESOLVED, That we vigorously urge prosecution to the fullest extent of the law, those persons, who by criminal intent, defraud the U.S. Government.

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SALT LAKE CITY, UTAH

RESOLUTION NO.: 118

COMMITTEE : NATIONAL SECURITY

SUBJECT : STRATEGY FOR PEACEFUL AND MILITARY USE OF SPACE

WHEREAS, The President of the United States has announced a National Space Policy as the result of an inter-agency review which began in August 1981 and which review included a comprehensive analysis of all segments of the National Space Program; and

WHEREAS, This policy reaffirms the national commitment to the exploration and use of space in support of our national well-being and establishes the basic goals of the United States policy to strengthen the security of the U.S., maintain U.S. space leadership, obtain economic and scientific benefits through the exploration of space, expand U.S. private sector investment and involvement in civil space and space related activities; promote international coopertive activities in the national interest, and cooperate with other nations in maintaining the freedom of space of activities which enhance the security and welfare of mankind; and

WHEREAS, It is deemed that the national security of the United States requires the maintenance of space leadership by the United States; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge the Administration and Congress to reaffirm the national commitment to the exploration of space in support of our national security and national well-being and that the United States conduct activities in space necessary to its national security including such functions as command and control, communications, navigation, environmental monitoring, warning, surveillance and space defense.

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RESOLUTION NO.: 130

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY COMMISSARY OPERATION

WHEREAS, The President's Private Sector Survey on Cost Control has recommended that the Department of Defense should terminate the operation of the commissaries in the continental United States except in areas where adequate commercial food stores are not available; and

WHEREAS, That continued need for the military commissary system has been reaffirmed by eminent study groups on numerous occasions; and

WHEREAS, The DOD Third Quadrennial Review of Military Compensation (1976) indicated that the value perceived by the service member substantially outweighs the government costs; therefore, commissaries provide physic income that far exceeds the costs; and

WHEREAS, The Joint Chiefs of Staff on January 13, 1983 recommended that the President resist any attempt to alter military retirement to include benefits; and

WHEREAS, Reduced commissary support would undermine the morale of married careerists which is a key element of military prepardness; it would also be devastating to (1) junior enlisted families; (2) widows; and (3) the 100% service-connected disabled veterans eligible for commissary patronage; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we strongly support retention of the military commissary system and urge the Administration and Congress to provide necessary authorization and funding to allow the system to be preserved as an institutional support for our active duty military, military retirees, 100% service-connected disabled veterans and widows authorized commissary privileges.

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RESOLUTION NO.: 180

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT THE U.S. AIR FORCE ACTIVE/ARF MIX

WHEREAS, The Air Force, including active duty, civilian, and reserve components, is organized, trained, and equipped as a team - working together to maintain the war fignting capability our nation needs to deter our enemies, and if necessary, to fight and win; and

WHEREAS, The Air Reserve Force (ARF) - the Air National Guard and the Air Force Reserve - have always been key components of the USAF, and today make significant contributions to security and military readiness by peforming combat and direct combat support missions as part of the Total Force; and

WHEREAS, The magnitude of the Soviet threat, its proximity to U.S. vital interests and modern transportation system have reduced the time before we would need reinforcements for our active forces, thus requiring the Air Reserve Force to be constantly ready and available to reinforce the active force; and

WHEREAS, The Air Force is the leader in making the Total Force policy work by having successfully integrated both the Air National Guard and Air Reserve Forces into training exercises and actual war plans and by maintaining a proper and effective mission between the active and reserve forces; and

WHEREAS, The proper Active/ARF mix strikes a balance among national priorities, fiscal realities and the capability to meet a growing threat, and ensures that we have an Air Force which meets the requirements for deterrence, peacetime presence, and immediate response, resulting in a Total Force that allows us to respond to low level contingencies without mobilization, surge military capability during national crises, maintain an active force of sufficient size to sustain the peacetime and wartime logistics, training and personnel needs of both the active and reserve forces, maintain a significant reserve military capability rather than sustain all necessary active military forces, and retain experienced and highly trained people who would otherwise leave the force; and

WHEREAS, In recent years the ARF has assumed an increasing share of Total Force responsibilities, and recent Congressional action has encouraged even greater use of our reserve components while denying active and civilian force manpower increases; and

(Resolution - 180 cont'd)

WHEREAS, ARF growth at the expense of the active force could severely reduce flexibility and severely affect the ability of the Total Force to meet our peacetime and wartime requirements by affecting the number of active force people available to serve overseas and thus eroding our responsiveness to worldwide crises and creating moral problems for the active force through more frequent overseas commitments and family separations; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge the Congress to support the Air Force plan for a proper Active/ARF mix which is both prudent and well thoughout in order to prevent any loss in capability or increased costs; and, be it further

RESOLVED, That The American Legion recommend to the Congress that current Active/ARF manpower levels be maintained.

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RESOLUTION NO.: 182

COMMITTEE : NATIONAL SECURITY

SUBJECT : STRATEGIC NUCLEAR POLICY

WHEREAS, The United States has considered that global nuclear war would essentially spell the destruction of civilization, a view which led us in the 1960s and 1970s to accept a steady erosion of our military strategic strength through successive enunciated policies which only confirmed our diminishing relative strength; and

WHEREAS, The continued acceptance of such a policy would lead us to a position of inferior strategic strength, vis-a-vis the Soviet Union, by the mid-80s; and

WHEREAS, A strategic policy which would hold our own citizens hostages to nuclear attack in order to deter aggression lacks credibility because of the Soviets recently developed more accurate and more powerful MIRVed ICBMs, having first strike capability; and

WHEREAS, The Soviet Union strategists have long developed their military war machine from the concept of "winning" a nuclear war; and

WHEREAS, In developing their strategic nuclear offensive capability, the Soviets have emphasized their intercontinental ballistic missiles (ICBMs), and have been modernizing that force, stressing improved readiness, greater throw-weight, increased accuracy, better command and control; and

WHEREAS, They have also increased the number of re-entry vehicles and provided hardened silos to improve survivability; and

WHEREAS, There is evidence from the budgets submitted to the Congress that the Administration is attempting to provide our armed forces with improved strategic capabilities to counter the Soviet advances; and

WHEREAS, The development of new capabilities and deployment of anti-ballistic missiles (ABMs) including laser weapons and other scientific break throughs, would enhance the survivability of our ICBMs, strategic bomber bases, defense communication sites, military facilities and the civilian population; and

(Resolution 182 - cont'd)

WHEREAS, The improvement of our manned and unmanned capability to intercept and destroy Soviet aircraft and cruise missiles would appreciably add to the deterrence of enemy attack; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we continue to pursue a new strategic nuclear policy which will lead the U.S. to develop the needed strength to destroy Soviet strategic offensive capabilities, rather than the destruction of soft targets; and, be it further

RESOLVED, That together with the development of these new capabilities that the U.S. develop the force structure necessary to deter the Soviet Union, while minimizing destruction to the United States, if attacked.

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NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 205

COMMITTEE : NATIONAL SECURITY

SUBJECT : ARAPAHO PROJECT (ARMY)

WHEREAS, The Committee on Armed Services, U.S. House of Representatives, the U.S. Army should begin exploring the ARAPAHO system; and

WHEREAS, The newly formed Light Divisions will require radically improved sustainability, mobility, force flexibility, and deployment readiness on short notice to an unpredictable variety of locations and situations; and

WHEREAS, Air deployment of adequate resources for successful engagement is dependent on prior securing of suitable landing areas; and

WHEREAS, The ARAPAHO portable air facility has proven feasible in tests by the U.S. Navy and so stated by SECNAV; and

WHEREAS, The ARAPAHO, currently on lease to the British Royal Navy, has proven its utility in the evacuation from Beirut of both military and civilian personnel, and is now serving in the Falklands; and

WHEREAS, ARAPAHO can be quickly transported and assembled ashore to provide an instant aviation shore base which can be quickly dismantled and removed for future use; and

WHEREAS, ARAPAHO is easily transportable by standard truck or train transport modes, by cargo aircraft, or fully assembled and functional, on the decks of commercial ships; and

WHEREAS, ARAPAHO is extremely cost effective and versatile and available hulls in the Maritime Administration's Reserve Fleet obviate the need for new ship construction; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that the Army continue to explore the ARAPAHO concept by adequate funding and program expansion for the portable deck-mounted aviation support system to accommodate Army requirements.

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RESOLUTION NO.: 213

COMMITTEE : NATIONAL SECURITY

SUBJECT : RESERVE NAVAL MOBILE CONSTRUCTION FORCE

WHEREAS, The mission of the Reserve Naval Mobile Construction Force is to provide and maintain a trained, ready, and an immediate available organization Reserve Force; and

WHEREAS, This force must be capable of satisying the requirements of the Navy construction force to form viable, mobile construction battalions, regiments and brigade staffs; and

WHEREAS, These units provide direct support to Fleet Commanders and executing their wartime mission; and

WHEREAS, The Chief of Naval Reserve has initiated action to improve the Force Mix by the addition of two battalions; and

WHEREAS, The onboard equipment required for mobilization is not available; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we encourage the Department of the Navy to program and fund for full equipment allowances and mission capability for these Reserve missions.

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RESOLUTION NO.: 218

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY DRAFT

WHEREAS, Twelve years have lapsed since the United States initiated the effort to meet its military manpower requirements through the concept of an all volunteer force (AVF) with a standby Selective Service System theoretically capable of quick reactivation to provide in an emergency; and

WHEREAS, Several underlying assumptions on which those manpower policies were based have changed since the AVF began in 1973; i.e., as stated by the Senate Armed Services Committee: "Soviet military capabilities have increased substantially in terms of quality and quantity of manpower; quantity of sophistication of materials; command control, communications and intelligence capabilities"; and

WHEREAS, All services are, at the moment, reaching their active duty manpower quotas, however, uncertainty for the future prevails with demographic decreases in manpower and an expanding economy; and

WHEREAS, The costs associated with keeping people in uniform have continued to rise in spite of the increases in monetary support for active duty service people; and

WHEREAS, We Americans find it difficult to believe that the problem can be resolved simply by throwing more money at it; and

WHEREAS, Frequent overseas deployments and non-competitive compensation have brought pressures on career personnel that continue to drive them from the ranks in substantial numbers seriously depleting the level of professionalism through the services; and

WHEREAS, The system brings service to the country back into proper national perspective which history has shown to be successful as a substitute for the citizen's direct involvement in his destiny in Selective Service; and

WHEREAS, Any operative Selective Service plan must be completely fair and equitable selection for all concerned; and

WHEREAS, The Military Selective Service Act, as amended, provides a fair and equitable selection system under which 95% of our young, physically qualified men have an equal opportunity to be considered for military service through a lottery system with the stringent controls over deferments; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we support a military draft program as the source of personnel to meet the manpower requirements of our total armed forces.

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RESOLUTION NO.: 220

COMMITTEE : NATIONAL SECURITY

SUBJECT : STRATEGIC DEFENSE INITIATIVES

WHEREAS, For more than three decades U.S. national security has depended on the deterrent effect of our strategic forces (MAD); and

WHEREAS, The Soviets continue to increase their nuclear advantage with the obvious intent to arrive at a level where blackmail is inevitable; and

WHEREAS, A new nuclear strategy is long overdue that does not hold our people hostage in case of nuclear war; and

WHEREAS, President Reagan, in his historic address to the nation on March 23, 1983, announced a national commitment to strategic defense initiatives - a technology research effort to develop a base for informed future decisions about strategic defense; and

WHEREAS, Under existing treaties, the Soviets have built an extensive aid defense and anti-ballistic missile system, the so-called Moscow ABM system providing protection to substantial portions of Western USSR containing about 75% of the Soviet population and industry and a substantial portion of Soviet military capabilities; and

WHEREAS, The Soviets have used the period since the ABM treaty to greatly increase the ABM capabilities by an all-out research and development program which might or might not violate the aforementioned treaty; and

WHEREAS, We have dismantled our system and [illegible] adequate latitude exists for substantial ABM efforts utilizing present and readily forseeable technologies; and

WHEREAS, A continued effort in this area is feasible and practical extending into space as visualized by the President in the future; and

WHEREAS, The President's commission on Strategic Forces (Scowcroft Commission) stated that, "Vigorous research and development on ABM technologies--including in particular, ways to sharpen the effectiveness of treaty-limited ABM systems with new types of nuclear systems and also ways to use non-nuclear systems--are imperative to avoid technological surprise from the Soviets;" and

WHEREAS, All efforts toward strengthening our defense will continue to be challenged by those who promote a posture of unilateral disarmament orchestrated wittingly or unwittingly by the intelligence activities of the Soviet Union; and

WHEREAS, The results of our efforts are plainly understood by the Soviets in that former Soviet Premier Andropov said in Izvestia (March 27) and Pravada (March 28) that he would rely on the "peace movement" -- the nuclear freeze movement -- in the West to sabotage President Reagan's initiative; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we applaud the President's proposed change in the national strategy of deterrence from one of mutually assured destruction from nuclear weapons, to a strategy of protecting our population through defensive measures; and, be it further

RESOLVED, That we urge Congress to support the President's initiatives in reestablishing our anti-missile system effort using all latitudes available including the existing ABM treaties; and, be it further

RESOLVED, That vigorous research and development be undertaken to increase our anti-ballistic missile capability using all techniques, including space, as these techniques can be developed.

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RESOLUTION NO.: 221

COMMITTEE : NATIONAL SECURITY

SUBJECT : NATIONAL DEFENSE

WHEREAS, The American Legion believes it is the paradox of peace that to preserve it we must be prepared to use force and use it successfully; and

WHEREAS, Only if we can convince any potential adversary that the cost of aggression would be far higher than any possible benefit can we be certain that aggression will be deterred and peace preserved; and

WHEREAS, The Soviet Union's military buildup, both quantitative and qualitative, has produced a major shift in the nuclear and conventional balance; and

WHEREAS, The United States has made a conscious choice to restrict its strategic nuclear force development in an effort to encourage similar restraints from the Soviets; instead they aggressively stepped up their strategic nuclear program and show no signs of slowing; and

WHEREAS, The Soviet Union, in the area of conventional forces, had long held an overall quantitative advantage but in recent years that advantage has widened in almost all categories as major weapons are being produced at rates exceeding those of the United States and its NATO allies combined; and

WHEREAS, The Soviet Union's military posture has become increasingly offensive in orientation and they have significantly expanded the global reach of their military forces, enhancing their ability to project influence and power; and

WHEREAS, The expansion of Soviet military might and their willingness to use it as demonstrated in their invasion of Afghanistan has upset the balance of power that kept the peace between the superpowers; and

WHEREAS, The President has requested a defense budget authority to Fiscal Year 1986 of 313.7 billion; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we call upon the Congress to support the President's Five Year Defense Plan (Fiscal Year 1986-90) based upon a policy of peace through strength thereby ensuring a continued national defense posture of readiness, sustainability and modernization.

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RESOLUTION NO.: 262

COMMITTEE : NATIONAL SECURITY

SUBJECT : MODERNIZE THE UNITED STATES AIR FORCE

WHEREAS, The free world has learned a very hard lesson: weakness and appeasement lead not to peace but to war; and

WHEREAS, To keep the peace, we have to maintain strong deterrent forces while we review equitable and verifiable arms reductions agreements with the Soviet Union; and

WHEREAS, Modernization of our strategic offensive forces was generally deferred during the 1970s; and

WHEREAS, The Soviets have deployed 378 SS-20 intermediate range nuclear missiles, more than two-thirds of which are aimed at Western Europe; and

WHEREAS, To maintain a crediable deterrence and a stable nuclear balance, the President, in October 1981, directed that the U.S. Air Force undertake the first comprehensive modernizaton of our strategic forces since they were built in the 1950s and 1960s; and

WHEREAS, The highest priority for our general purpose forces is to improve readiness and sustainability; and

WHEREAS, Since FY 1981 the USAF has more than doubled funding for munitions; and

WHEREAS, Through increased stock of spare parts, the near-term buy of 50 C-5s and 44 additional KC-10s, and a contract to add cargo-convertible features to 19 commercial passenger aircraft will increase air deployable capability of almost 75%; and

WHEREAS, Nevertheless, 17 major studies since 1974 have found in every case that air lift requirements far exceed capabilities; and

WHEREAS, The Congressional Mandated Mobility Study (CMMS) has concluded that programmed mobility capability could not meet current or projected requirements, resulting in the CMMS recommending an Air Force capable of providing a minimum objective of 66 million ton miles per day (MTM/D) of intertheater airlift capability with one-half of the additional force outsize capability; and

(Resolution 262 - cont'd)

WHEREAS, Today our intertheater airlift force, consisting of all sources, including the Civil Reserve Air Fleet (CRAF), can provide only 32.4 MTM/D, with the CRAF representing about 32% of our long range cargo airlift capability and over 90% of U.S. Air Force passenger capability; and

WHEREAS, The CRAF Enhancement Program, which is intended to reduce the shortfall in intertheater airlift, is designed to add cargo convertibility features to new or existing civilian wide body passenger airfcraft and makes these aircraft available to airlift cargo in the event of a national emergency--this program being budgeted for by the USAF for the retro-fit of four Boeing 747s to a cargo convertible configuration; when completed in 1986, this program will provide for only 9 such aircraft; and

WHEREAS, The only means available to the ground combat forces to deploy and sustain its power is either by air or water; and probably only by air in time to have any significant effect; and

WHEREAS, In theater forces, the USAF must be able to respond to diverse threats in many regions - Europe, Southwest Asia, the Pacific, the Americas and Africa, requiring many capabilities: fighter and reconnaissance aircraft, electronic combat forces, special operations forces, intertheater airlift, specialized combat and control aircraft and conventional strategic bombers; and

WHEREAS, The Soviets are producing approximately 1100 modern tactical fighters per year against our 330, and the Soviet tactical and theater air force consists of over 6,000 fighters, interceptors, fighter-bombers, and medium bombers; and

WHEREAS, In tactical forces, due to steady growth in Soviet military power and steady improvement in their combat capabilities, the USAF needs to continue to modernize and expand its own tactical air force; and

WHEREAS, We expect our casualty load to peak during the first 30 days of conflict and with current limitations, wounded patients could suffer up to 25% fatalities, compared to 3% in Vietnam and Korea, and 5% during World War II; and

WHEREAS, In Lebanon, Israel is having great success in the Bekaa Valley with the use of television carrying Remotely Piloted Aircraft against Syrian anti-aircraft batteries and missiles, chiefly because of their small size, fast speed and their ability to make abrupt and radical maneuvers that an on-board pilot would have difficulty tolerating; and

WHEREAS, In space, both the Soviets and the U.S. are dependent largely on satellites for warning, communications, and command control of their forces worldwide; over the past decade the Soviets have launched four or five times as many satellites as we have, and they have the world's only operational space weapons system; now, therefore, be it

(Resolution 262 - cont'd)

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that:

1) We support, as a first priority, the USAF efforts to update strategic modernization.

2) That the USAF give greater emphasis and higher priority to:
   a) global airlift capabilities, with built in casualty handling abilities; and
   b) procurement of tactical, ground support, fighters and fighter-bomber type aircraft

3) That the USAF continue to emphasize its efforts to improve Low Altitude Navigation and Targeting Infrared System for Night (LANTRIN) for enhanced capabilities at low altitudes and during periods of low visibility.

4) That the USAF continue to work to improve vitally important Tactical Command, Control and Communication (C3), in conjunction with the other services, and particularly with the Army and Marine Corps.

5) That the USAF effect close coordination with the other services to avoid duplicating assigned missions.

6) That the U.S. Air Force continues to work in exploring the use of unmanned, Remotely Piloted Aircraft (RPA).

7) That we encourage and support the USAF recent efforts to develop a Unified Space Command.

8) Finally, we urge Congress to ensure modifying government regulations on the manufacturing of aircraft in the U.S. to require that all future aircraft have built in characterizations for rapid convertibility to military usage.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 318

COMMITTEE : NATIONAL SECURITY

SUBJECT : C-17 AIRCRAFT

WHEREAS, Current airlift enhancement programs, including C-5B and KC-10 acquisition, will satisfy only a portion of the existing inter-theater airlift shortfall; and

WHEREAS, There is a continuing need for additional inter-theater airlift capability including outsize cargo capability; and

WHEREAS, The U.S. Army's development of units that are more easily air transportable, such as light infantry divisions, may increase the requirements for responsive airlifts; and

WHEREAS, The C-17 will be able to operate in both the inter and intra-theater roles, will augment the C-130's and will replace the C-141's as they begin to retire in the 1990's; and

WHEREAS, Continued development and procurement of the C-17 is necessary to address these critical airlift requirements; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we urge the Department of Defense, the Congress and the President to expedite development and procurement of the C-17 which will increase and modernize the airlift capabilities of the U.S. Air Force.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 369

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT OF A STRONG DEFENSE

WHEREAS, The American Legion believes it is the paradox of peace that to preserve it, we must be prepared to use force and use it successfully; and

WHEREAS, Only if we can convince any potential adversary that the cost of aggression would be far higher than any possible benefit, can we be certain that aggression will be deterred and peace preserved; and

WHEREAS, The Soviet Union's military buildup, both quantitative and qualitative, has produced a major shift in the nuclear and conventional balance; and

WHEREAS, The United States has made a conscious choice to restrict its strategic nuclear force development in an effort to encourage similar restraints from the Soviets; instead, they aggressively stepped up their strategic nuclear program and show no signs of slowing; and

WHEREAS, The Soviet Union, in the area of conventional forces, had long held an over-all quantitative advantage; but in recent years that advantage has widened in almost all categories as major weapons are being produced at rates exceeding those of the United States and its NATO allies combined; and

WHEREAS, The Soviet Union's miltary posture has become increasingly offensive in orientation and they have significantly expanded the global reach of their military forces, enhancing their ability to project influence and power; and

WHEREAS, The expansion of Soviet miliary might and their willingness to use it as demonstrated in their invasion of Afghanistan has upset the balance of power that had kept the peace between the superpowers; and

WHEREAS, The President has requested a defense budget authority to Fiscal Year 1985 of $305 billion; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we call upon the Congress to support the President's Five Year Defense Plan (Fiscal Year 1985-89) based upon a policy of peace through strength thereby ensuring a continued national defense posture of readiness, sustainability and modernization.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 387

COMMITTEE : NATIONAL SECURITY

SUBJECT : PERMANENT CHANGE OF STATION (PSC) MOVES

WHEREAS, Military people must personally assume an increasingly greater portion of the costs of permanent change of station (PSC) moves; and

WHEREAS, Inadequate reimbursement of officially-directed moves puts military people at an unfair disadvantage and adversely affects retention; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that PSC mileage allowances and household goods weight limits must be increased to realistic levels as proposed by the Department of Defense.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 388

COMMITTEE : NATIONAL SECURITY

SUBJECT : MODERNIZE THE UNITED STATES NAVY

WHEREAS, Every major conflict since World War I has demonstrated the need for naval superiority in order to conduct successful naval combat against an armed hostile force; and

WHEREAS, The Soviet Union now possesses the requisite number of ships to potentially deny sea superiority to the United States in an armed conflict involving those two nations; and

WHEREAS, Soviet use of sea power has allowed them to challenge U.S. influence in areas of the world most critical to the security of the United States; and

WHEREAS, Our national survival and the security of our allies depend on the ability of the United States to maintain sea superiority in order to foster the strategic sealift capability, power projection capability and the strategic combat capability of the U.S. Navy; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge the Administration and the Congress to continue to provide the necessary funding to modernize; the U.S. Navy in order to maintain the most-up-to-date equipment available for the close sea support capability, strategic sealift and sea superiority roles assigned as the Navy mission.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 394

COMMITTEE : NATIONAL SECURITY

SUBJECT : ARAPAHO PROJECT (NAVAL RESERVES)

WHEREAS, The Naval Reserve mission, in the event of mobilization, is ASW support; and

WHEREAS, The Naval Reserve forces lack a ready, mobile aviation facility capable of being transported to port facilities to supplement the regular Navy convoy mission; and

WHEREAS, In order to train for their assigned mission, the Reserves currently need to remove active, high-value ships from the ready forces for their periodic proficiency training to provide realism and independence of action; and

WHEREAS, Naval Rererve forces stationed inland must currently be transported to a costal station to give such training for any semblance of realism; and

WHEREAS, ARAPAHO provides an ideal platform for both the convoy escort mission and the training of Reserve forces in that it can be loaded on-board merchant ships indigenous to the convoy to provide a self defense capability, placed on such a ship from the Reserve for short-term training, or even assembled ashore for such training; and

WHEREAS, The ARAPAHO facility developed and owned by the U.S. Navy and currently on lease to the British Royal Navy is due to return next spring to the United States; now, therefore, be it

RESOLVED, By American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that upon its return in the spring of 1985 from the British Ministry of Defense, that the Navy consider placing the Navy's ARAPAHO prototype aviation system in Naval Reserve custody properly outfitted and equipped, and be used in advanced analysis involving Reserve missions (such as ASW) and functions in support of the action established.

SIXTY SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 462

COMMITTEE : NATIONAL SECURITY

SUBJECT : EDUCATIONAL INCENTIVES FOR ACTIVE AND RESERVE FORCES

WHEREAS, Congress has terminated the education program under Chapter 34, Title 38, U.S. Code, for those persons enlisting in the armed forces of the United States on or after January 1, 1977; and

WHEREAS, Congress replaced this educational assistance program with a less generous experimental contributory program under Chapter 32, Title 38, which is known as the Post-Vietnam Era Veterans Education Assistance Program, or "VEAP," wherein the Federal Government matches on a two-to-one basis the deposits by the individual military member to VEAP; and

WHEREAS, The Secretary of Defense is authorized under this program to contribute additional unspecified amounts to an individual's VEAP account above that level as a recruiting or retention incentive; and

WHEREAS, The armed services have testified that the VEAP program is not effective as a recruiting and retention tool; and

WHEREAS, All military services are currently experiencing great success in recruiting and retaining military personnel due to adverse economic conditions but it is apparent that this problem will worsen in the 1980s as the number of 18-year old personnel decline to 1.7 million in the latter part of the decade, thus requiring the services to recruit 50% of all military age males who are physically and mentally qualified and who are not enrolled in college in order to meet the manpower need of the services; and

WHEREAS, The American Legion believes that educational incentives play an important part in the recruitment and retention of personnel, and any attempt to restrict or delete such benefits as a cost-saving measure would adversely affect the military services ability to meet their accession and retention goals; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge Congress to enact legislation which would authorize and fund an effective education incentive program to support retention and recruiting for Active and Reserve forces; and, be it further

RESOLVED, That The American Legion recommend to Congress that any such educational incentive program be funded by the Defense Department but be administered by the Veterans Administration since the VA currently has staff and expertise to administer such a program.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 526

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT FOR A STRONG U.S. NAVAL SERVICE AND U.S. MARINE CORPS RESERVE

WHEREAS, The U.S. Naval Reserve and the U.S. Marine Corps Reserve have been essential arms of the United States military for many years; and

WHEREAS, The U.S. Navy with Congressional and Administration support has embarked on a modernization effort for the U.S. Naval and Marine Corps Reserve; now, therefore, be it

RESOLVED, By American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge Congress and Administration to support the efforts of the U.S. Navy to modernize the U.S. Naval and Marine Corps Reserve to insure that they have the necessary resources to obtain and maintain a high standard of readiness.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 550

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY QUARTERS ALLOWANCE

WHEREAS, Active duty members of the armed forces are paid a quarters allowance in lieu of on-base quarters when such quarters are not available; and

WHEREAS, Such quarters allowances have always been provided as a non-taxable monetary benefit to military personnel; and

WHEREAS, The Internal Revenue Service is considering ruling that their auditors have the authority to subtract the military quarters allowance from total tax deductions claimed for mortgage interest and real estate taxes; and

WHEREAS, This IRS action would result in an inequitable and discriminatory tax burden on some but not all military personnel, in that it would affect only those who purchase homes and not those who occupy government quarters or rent private quarters; and

WHEREAS, Taking this benefit away from military personnel will make it even more difficult to attract and retain qualified people in the armed forces; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we support legislation to prevent the Internal Revenue Service from disallowing tax and interests deductions on home purchases paid for with tax free military quarters allowance.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 555

COMMITTEE : NATIONAL SECURITY

SUBJECT : VIETNAM WAR G.I. BILL BENEFITS

WHEREAS, Educational benefits available to Vietnam Era members of the armed forces are due to expire on December 31, 1989 unless the termination date for the program is changed; and

WHEREAS, The eligible service members will lose these benefits unless the termination date is changed; and

WHEREAS, Many of these service members may leave the armed forces to continue their education rather than see the benefits expire; and

WHEREAS, These separations could cause service personnel turbulence in the mid-level supervisory ranks thereby causing an increase in costs to train replacements for those who will leave; and

WHEREAS, Assistant Secretary of Defense Lawrence J. Korb has expressed support for the extension of the termination date as being critical to the continued effectiveness of the armed forces; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we support legislation to extend the termination date of the Vietnam War educational benefits for those members of the armed forces who choose to make the military a career; and, be it further

RESOLVED, That we support funding by the Department of Defense for the additional costs incurred by this action.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 603

COMMITTEE : NATIONAL SECURITY

SUBJECT : SELECTIVE SERVICE SYSTEM

WHEREAS, The defense of the nation requires the maintenance of a system of military manpower procurement equal to meeting the needs of present and foreseeable defense commitments as well as primary mobilization demands; and

WHEREAS, The Selective Service System has proven itself to be fully effective in meeting the vital national needs during all wars this nation has been engaged in during this century, as well as the requirements of the peacetime Army since World War II until 1973; and

WHEREAS, The current registration program has been highly successful; and

WHEREAS, A viable Selective Service system with registration is the minimum to meet the necessary mobilization requirements; now, therefore be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we support: (1) the maintenance of the Selective Service System as a viable preparedness measure; (2) the continuation of the current registration program; (3) supports local boards in a registrant's own community having the responsibility for determining his availability and the issuance of induction orders rather than depend on an untried, centralized computer system; (4) supports the training of Reserve and National Guard personnel in Selective Service Manpower Mobilization Procedures; and, be it further

RESOLVED, That the President and the Congress be urged to provide the necessary budgetary support for the Selective Service System so that the mandates of the Military Selective Service Act are enforced and the Selective Service System is able to meet the manpower requirements of the Department of Defense when called upon.

Tuesday, April 29, 1986.

NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

WITNESSES

CHARLES HICKEY, NATIONAL VICE PRESIDENT, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

DANIEL CARROLL, PRESIDENT, FLORIDA ARMY NATIONAL GUARD TECHNICIANS

ED KALAKAUSKIS, PRESIDENT, FLORIDA ARMY NATIONAL GUARD TECHNICIANS

Introduction

Mr. Chappell. Mr. Charles Hickey, Mr. Daniel Carroll, and Mr. Ed Kalakauskis, National Association of Government Employees.

Statement of Mr. Hickey

Mr. Hickey. I am Charles Hickey, Vice President of the NAGE. I am accompanied by Mr. Ed Kalakauskis, who is President of Local Florida Army National Guard Technicians at Crag Field in Jacksonville, and Dan Carroll, President of a statewide unit of Florida National Guard Technicians.

CIVILIAN TECHNICIAN PROGRAM

The NAGE is an affiliate of the Service Employees Unit. We would like to keep our remarks to problems facing civilian technicians in the National Guard today.

The civilian technician program of the National Guard has been an unqualified success. Civilian technicians have earned praise from all quarters as skilled, productive workers who provide DOD with loyal, experienced personnel who are a key mobilization asset.

AGR CONVERSION

One of the most serious threats to continued vitality of the technician program has come from the AGR conversion programs. Under Public Law 93-365, staffing for the Department of Defense, including the technician work force, is governed by the direction to use the least costly form of manpower consistent with military requirements and the needs of the Department of Defense.

The DOD has consistently attempted to evade this law in its insistence on employing active duty guardsmen who are called AGR personnel rather than civilian technicians.

It has been conclusively documented that AGR personnel are more expensive than civilian technicians. There have been three reports, the MCR study of 1980, the S&I Committee study of 1983, and the GAO report of 1985, which have clearly documented the excessive cost of AGR personnel.

In this era of Gramm-Rudman budgets, savings such as those which can be realized by relying on the civilian technician work force are extremely important.

The AGR program is a drain on our national defense dollar and steps should be taken to weed out that wasteful and costly program. We urge the committee to include language which protects the effectiveness of our defense dollar by proportionately increasing the technician work force and decreasing the AGR work force.

RETENTION/SEPARATION

A key factor impacting on morale is the Guard's policy on retention. The National Guard Technicians Act of 1968, Public Law 90-486, provides technicians with the status of Federal employees who as a condition of employment are required to maintain military membership in the National Guard.

Recent changes in military policy and regulation have subjected technicians with 20 years or more of military service to increased risk of involuntary retirement and separation. Technicians with 20 years or more of service are forced to face a retention board which has the option to refuse to re-enlist technicians for a number of subjective factors. Technicians who lose their military membership will also lose their civilian job.

Technicians who are separated under this regulation can face real hardship. Many technicians started their careers in the guard at an early age and are subject to separation in their early forties. Under current law, technicians would not qualify for an unreduced annuity until age 55. With even minimal levels of inflation, the value of the annuity would be reduced considerably.

Mr. Carroll is President of our Florida Statewide Army National Guard Local and has been a victim of the retention regulation. He will be separated effective May 3, at the age of 44 with over 25 years of service. He will collect an annuity, but it will be reduced to 35 percent of his pay because he is under 55.

The threat of being separated from service at a young age without reduced retirement benefits is causing many young technicians to seek employment in a more humane society. This policy is a major contributory cause of the decreasing experience level among skilled technicians.

That is our presentation, Mr. Chairman.

Mr. **Chappell**. Thank you very much, gentlemen. It is good to know that we have two people from Florida. Are you from the fourth and finest district in the state?

Mr. **Carroll**. Yes, sir, of course.

Mr. **Chappell**. Mr. Miller.

PAY COMPARISON

Mr. **Clarence Miller**. I only have one question, Mr. Chairman. When it comes to the AGR personnel, they are allowed retirement following 20 years of service, and by comparison the technicians cannot retire until age 55 and only after 30 years of service.

On the retirement side, I understand that, but tell me a little about the pay side, one compared to the other for a comparable job.

Mr. **Hickey**. The studies I mentioned have proved that the average AGR individual probably makes anywhere from $5,000 to $10,000 more a year depending on his military grade, and usually a non-taxable income. The variable housing allowance, quarter allowance that is non-taxable and the fact that the AGR person is going to get a pension without contributing, there are some other factors that are tough to cost in the amount of lost productive time.

A technician is a Federal employee and has 2,072 hours of work a year minus his annual leave and some sick leave. There is no limitation on the sick leave for AGRs. They have 30 days military leave a year. They are given opportunities to go to commissaries, dispensaries, and so forth.

I feel any real analysis of the productivity of AGRs versus technicians would show that the technician is a much more productive individual.

Mr. CLARENCE MILLER. Thank you.

Thank you, Mr. Chairman.

Mr. CHAPPELL. Thank you very much for representing a very fine organization and the work that you do.

[The statement of Mr. Hickey follows:]

NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES
AFFILIATED WITH SERVICE EMPLOYEES INTERNATIONAL UNION, AFL/CIO
1313 ''L'' STREET, N.W., WASHINGTON, D.C. 20005
202/371-6644

TESTIMONY

OF THE

NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

TO THE

SUBCOMMITTEE ON DEFENSE

OF THE

HOUSE APPROPRIATIONS COMMITTEE

REGARDING

DEFENSE ISSUES EFFECTING FEDERAL WORKERS

APRIL 29, 1986

The National Association of Government Employees is an affilliate of the Service Employees International Union, AFL-CIO, which has more than 850,000 dues paying members. NAGE represents in excess of 60,000 employes in the federal government.

We are pleased to have this opportunity to appear before the Subcommittee. We'd like to address our remarks this morning to two broad areas, one concerning the civilian technicians of the National Guard, and secondly regarding contracting out in the DoD.

The civilian technician program of the National Guard has been an unqualified success. Civilian technicians have earned praise from all quarters as skilled, productive workers who provide DoD with loyal, experienced personnel who are a key mobilization asset. The unique dual status of civilian technicians (i.e., civilian DoD employees who are also trained members of the Reserves or Guard), provides a model of the cooperation between the civilian and military sectors that is essential in time of war. Our civilian technicians provide an important military-civilian link during peace time. From their local base, civilian technicians provide full-time support for our Reserve and Guard forces. Consequently, they tie the two worlds together generating local interest in and awareness of our defense readiness needs.

Although the civilian technician workforce has been one of DoD's most productive, it's very existence has been threatened by self destructive management initiatives from DoD and the National Guard Bureau. As a result of these initiatives morale among technicians is at an all time low with severe retention problems afflicting many Guard units.

AGR / CONVERSION PROGRAM

One of the most serious threats to the continued vitality of the technician program has come from the AGR / Conversion Programs. Under Public Law 93-365 staffing for the Department of Defense, including the technician workforce, is governed by the direction to use the least costly form of manpower consistent with military requirements and the needs of the Department of Defense. The DoD has consistently attempted to evade this law in it's insistence on employing AGR personnel rather than civilian technicians.

It has been conclusively documented that the AGR personnel are more expensive then civilian technicians. There have been three reports; the MCR study of 1980, the S & I Committee study of 1983, and the GAO Report of 1985, which have clearly documented the excessive cost of AGR personnel.

A study by the General Accounting Office comparing civilian disposable income with that received by military personnel clearly demonstrates the more generous income received by AGR personnel. Despite often doing the same job as technicians, AGR earn more money than technicians regardless of skill or experience. As was shown by a 1983 House Appropriation's Committee Survey and Investigation Report the the additional cost of using AGR in the Army alone amounts to $42 million annually This same 1983 House Appropriations Committee Survey and Investigation Report showed that a large percentage of the AGR positions are overgraded. In fact is not uncommon to have a technician supervising an AGR who makes more money than the technician.

The AGR personnel also received more generous tax free benefits than technicians. AGR personnel are entitled to a full military retirement following 20 years of service at any age. By comparison technicians cannot retire until age 55 and only after 30 years of service.

AGR personnel are also entitled to free medical care for themselves and their families, while technicians must contribute to their own insurance under the federal employees health insurance system. AGR personnel are also entitled to selective reenlistment bonuses, in addition to educational, commissary, and housing allowances, none of which are available to technicians.

Despite this overwhelming evidence of the cost effectiveness of the technician workforce the DoD budget requests for FY 87 seek an additional 290 Air Guard Technicians, and 500 Army Civilian Technicians, but also on additional 1087 Air Force AGR, and 4,990 Army AGR. The DoD in short is seeking the growth of AGR, at a rate 6 times as rapid as that for technicians.The Army in particular is seeking to replace technicians through attrition and rely soley on AGR.

In this era of Gramm / Rudman Budgets, savings such as those which can be realized by relying on the civilian technician workforce are extremely important. The AGR program is a drain on our national defense dollar and steps should be taken to weed out that wasteful and costly program. We urge the Committee to include language which protects the effectiveness of our defense dollar by proportionately increasing the technician workforce and decreasing the AGR workforce.

RETENTION

A key factor impacting on morale is the Guard's policy on retention. The National Guard Technicians Act of 1968, (Public Law 90-486) provides technicians with the status of federal employees who as a condition of employment are required to maintain military membership in the National Guard. Recent changes in military policy and regulation have subjected technicians with 20 years or more of service to increased risk of involuntary retirement and separation. Technicians with 20 years or more of service are forced to face a retention board which has the option to refuse to re-enlist technicians for a number of subjective factors. Technicians who lose their military membership, will also lose their civilian job.

Technicians who are separated under this regulation can face real hardship. Many technicians started their careers in the Guard at an early age and are subject to separation in their early forties. Under current law technicians would not qualify for an unreduced annuity until age 55. With even minimal levels of inflation the value of the annuity would be reduced considerably. The job prospects of many technicians in military specializations are limited. These individuals would require extensive retraining for the private sector. None is currently provided. The threat of being separated from service, at a young age without retirement benefits is causing many young technicians to seek employment in a more humane setting. This policy is a major contributory cause of the decreasing experience level among skilled technicians.

UNIFORMS

Another area of mismanagement of the technician program has been DoD's persistent insistance that civilian technicians wear their military uniforms even while performing their civilian duties. A Guard technician, in the course of his daily routine, may have to move about a military installation frequently. A technician dressed in military fatigues with insignia and rank indicated has no means of establishing their non-active duty status. If questioned by an authority figure on the base, such as an officer or the military police, a technician's status can cause substantial confusion and delay. The technician is in a military uniform but does not have written orders justifying his or her instant presence or activity on the base. Such confusion undermines morale in the long term, and disrupts technicians efficiency in the short term. Placing technicians in standardized civilian attire would establish their unique identity and minimize such disruption, with no decrease in Guard effectiveness or preparedness.

Military technicians employed by the Army and Air Force Reserves are often not required to wear uniforms of any sort, military or civilian. Civilian contracted to work with the Air Force as technicians to the Presidential Fleet do not wear any uniform of any kind. Marines on active duty status are allowed to wear blue coveralls, while at work on their aircraft, without any display of rank, name or service affiliation. These full time military personnel work side by side with Air National Guard personnel, - technicians, who are being told that standard civilian dress is not appropriate. Apparently, neither efficency, preparedness or even Presidental security is considered criticial enough to warrant military fatigues in these agencies.

The concept of the citizen - soldier has a long and honorable tradition in this country. The civilian technicians in NAGE recognize their responsibility to help maintain the efficiency, and preparedness of the Guard. However, requiring technicians to wear military uniforms, regardless of status, does not further this goal. Rather the very increased efficiency and preparedness sought is lost by the serious morale and retention problems that result from this policy. Allowing for standardized civilian dress, on the other hand, maintains esprit de corps, raises efficiency, and preserves the unique status of civilian technicians in the Guard.

The Military uniform requirement imposes extra costs on the DOD. In Texas, for instance, the technicians have never worn the military uniform while on civilian duty in it's 38 year history. Now the obligation to wear the uniform is being imposed by the National Guard Bureau. To place the 216 blue collar Army Guard Technicians, which we represent, in uniform, would cost DoD an additional $75,000. This to fullfill a program which is disliked by both labor and management alike. The requirement that technicians wear the military uniform is costly, and counterproductive. We urge the Chair to adopt appropriate language to prevent this waste of federal funds.

Mr. Chairman we would also address some remarks at this time to contracting out in the Department of Defense. In recent years, in fullfillment of the Reagan platform to privatize the federal government, there has been drastic increase in contracting out in the federal sector. The manic pressures placed on federal managers to contract out federal functions has been a bonanza for federal contractors who have reaped huge profits at taxpayer expense.

In the last year our nation's newpapers have been full of stories of $500 hammers, $50 screws and $2,000 coffee pots which have provided startling testimony as to the inadequacies in our methods for contracting with the private sector. Some estimates would now place the size of the federal contractor workforce to be in excess of 8 million personnel or almost 4 times the size of the federal workforce. There are too few checks and balances on this contractor workforce to assure the American people that they are receiving reasonable value for their tax dollar. Although this explosion in contracting has occurred at a time of enormous growth in the federal budget deficit, it has been insulated from any measurement as to it's true costs, and effectiveness of the expenditure.

In addition to questions of cost effectiveness contracting out has raised questions as to it's impact on the ability of government to accomplish it's mission, and impact on government goals such as affirmative action, and veteran preference. Despite repeated expressions by Congress that contracting out has "gone too far" the Office of Management and Budget has been firm in it's resolve to turn as much of government over to private industry as possible irrespective of it's costs or impact on mission.

Mr. Chairman, contracting out is probably a greater problem in DoD than any other agency. There are, however, advocates for contracting out who seek to allow large sections of the federal government to be contracted out without even a cost study demonstrating savings. As the Committee is aware last year's DoD Authorization Bill allowed for contracting out without benefit of a cost study for all functions of fewer than 40 FTE. This Committee astutely saved the taxpayers millions of dollars by imposing the requirement that a study be done on all functions larger than 10 FTE. The NAGE applauds this action and urges the Committee to mandate that all contracting out decisions be made based on a reliable study.

Finally we would urge the Committe to include language which would mandate that DoD indicate the number of Circular A-76 contractor personnel on their payrolls. With Gramm Rudman reductions facing DoD it is important that budget cutters know where the federal dollar is being spent so that cuts can be fairly distributed. Publishing the numbers of contractor employees would help prevent federal employees from bearing more than their share of the cuts.

We once again thank the Committee for this opportunity to testify and would attempt to answer any questions.

TUESDAY, APRIL 29, 1986.

THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

WITNESS

BETH MOTEN, LEGISLATIVE LIAISON, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

INTRODUCTION

Mr. CHAPPELL. Beth Moten, Legislative Liaison, National Federation of Federal Employees.

STATEMENT OF MS. MOTEN

Ms. MOTEN. Good morning, Mr. Chairman.

The National Federation of Federal Employees appreciates the opportunity to present our views on fiscal year 1987 appropriations for the DOD. Since approximately half of our membership is employed by the DOD, we are especially interested in the subject of today's hearing. Of special concern to us are two issues, the contracting out of Federal functions, and the future of the civilian technician program.

CONTRACTING-OUT

Despite the existence of the Office of Management and Budget Circular A-76, which establishes guidelines for contracting out commercial and industrial-type activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole source contracts, and a waste of taxpayer dollars.

Already previous revisions applied to the circular have virtually destroyed cost efficiency, the primary concern of the American taxpayer. Until 1983, government policy stipulated that contracts should be awarded only when cost studies demonstrated it would be less expensive to perform the work under contract than inhouse. The policy, which applied to Federal activities worth more than $100,000, protected the government and the American taxpayer from paying unnecessarily high prices for essential goods and services.

The policy was spelled out in the Circular A-76, but in 1983 the Administration changed the cutoff point below which cost comparison studies are not required. The revised circular states that Federal activities with ten or fewer full-time equivalents may be contracted out without a cost comparison study.

The fiscal year 1986 DOD Authorization Act, Public Law 99-145, raised the cutoff point again, this time from 10 employees to 40. Under the Act, DOD activities employing fewer than 40 civilian would not be required to perform a full A-76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committee's action, the Defense Appropriations Committees modified the cutoff point change in the fiscal year 1986 defense appropriations bill by requiring agencies to complete a most efficient and cost-effective organization analysis and certification before a DOD activity employing more than 10 civilians but fewer than 40 could be contracted out.

Under this modified MEO and cost comparison, no conversion costs would be included, nor would there be any appeal rights.

It is simply a provision to ensure that the government is performing a function in the most efficient and cost effective manner before its costs are compared with those of a contractor.

NFFE is currently working to ensure that the Armed Services Committees do not repeal this contracting-out restriction in the supplemental defense authorization bill for fiscal year 1986.

One of the greatest tragedies caused by increased contracting out is the government's loss of institutional knowledge and expertise. Highly qualified Federal employees are forced into early retirement, the private sector, or simply into unemployment because their jobs are contracted out. In many cases, the agency never retrieves the function because it no longer employs workers with the necessary skills. If the contractor performs poorly or consistently overcharges the agency is virtually held hostage because the work must be completed and in-house expertise is no longer available.

Congress must take steps to protect tax dollars and ensure that civilian jobs are not lost merely to satisfy the Administration's desire to give private industry a larger slice of the Federal budget. At the very least, Congress should require equitable cost comparisons to determine the most efficient and least expensive manner to perform all government functions.

In summary, the Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons: cost efficiency and quality performance. Thousands of Federal activities and billions of tax dollars are now wide open to potential abuse, especially within the DOD.

NFFE strongly urges the subcommittee to prevent this by including legislative restrictions on contracting out in the fiscal year 1987 defense appropriations bill.

CIVILIAN TECHNICAN PROGRAM

I would like now to turn your attention to the civilian technician program. The technician program has been plagued by problems during the last few years. In 1979, the Pentagon began converting technician positions to full-time military slots claiming that the use of active military was more cost efficient and more beneficial to the military effectiveness of the force. However, the Department of Defense after several years of working under the Active Guard and Reserve program, finally became aware that this is not the case. It has been shown through recent studies that the cost of the AGR program is more expensive than the civilian technician program.

Congress finally recognized these problems when it placed a moratorium on further technician conversion in a continuing resolution enacted in December 1982. Congress extended the moratorium through fiscal year 1984 and also placed a ceiling on AGR positions in fiscal year 1985.

In addition, the language in the fiscal year 1986 Defense appropriations report directs that further conversion of technicians to active guard and reserve status should not be made until a report is submitted to the committee outlining the Defense Department's efforts to resolve the problems associated with the full-time support program.

Nevertheless, the Department of Defense is asking a substantial increase in the AGR end strength for fiscal year 1987. NFFE again asks the subcommittee to reverse this request and keep the AGR program at its present ceiling or below.

We also request that the technician program be increased accordingly to meet the full-time support requirements of the guard and reserves in the most efficient and least expensive manner possible.

In addition to our concern about AGR increases, NFFE members have recently experienced serious problems with new training requirements for civilian technicians in the Army National Guard under the military education program. The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their active Army counterparts.

However, the Army National Guard has refused to grant credit to technicians for skills developed in other training programs, and will require technicians to retake many courses which they have successfully completed.

In some cases, technicians are even being required to take courses which they are teaching at the state level. This is not just tedious for the civilian technicians affected by such requirements, it is extremely wasteful spending.

The main cause of disruption is the July 1, 1986 deadline for technicians to enroll in the "alternate training method." This method allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, the battle skills course and achieving military occupational specialty qualification.

NFFE has a final suggestion for National Guard civilian technician savings: to permit technicians to work in civilian clothes while they are in civilian status. Civilian technicians turn in uniforms rendered unserviceable due to wear and tear, and are reissued new uniforms at no cost to the technician. Based on the replacement of only two utility uniforms for wage grade employees and one dress uniform for general schedule employees, an annual cost savings of $4.1 million could be realized.

Mr. CHAPPELL. Could you conclude.

Ms. MOTEN. That concludes my statement.

Thank you very much.

Mr. CHAPPELL. Thank you very much.

Mr. Hefner?

Mr. HEFNER. No questions, Mr. Chairman.

Mr. CHAPPELL. Mr. Miller?

Mr. CLARENCE MILLER. No questions.

Mr. CHAPPELL. Thank you very much.

[CLERK'S NOTE.—Subsequent to the hearing, The National Federation of Federal Employees submitted additional material. The material follows their prepared statement.]

STATEMENT BY
THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

BEFORE

THE SUBCOMMITTEE ON DEFENSE

HOUSE COMMITTEE ON APPROPRIATIONS

ON

FISCAL YEAR 1987 APPROPRIATIONS

FOR THE DEFENSE DEPARTMENT

APRIL 29, 1986

Mr. Chairman and Subcommittee Members:

The National Federation of Federal Employees appreciates the opportunity to present our views on Fiscal Year 1987 appropriations for the Department of Defense (DOD). Since approximately half of our membership is employed by the DOD, we are especially interested in the subject of today's hearing. Of special concern to us are two issues, the contracting out of Federal functions, and the future of the civilian technician program.

Contracting Out

NFFE has long been concerned about the serious problems with the management and control of contracting procedures along with the repercussion of such problems on the Federal workforce. During the last five years, the Administration has been quite open about giving private industry a large slice of the Federal budget. While the exact cost of service-oriented contracts is not known, we estimate that at least $60 billion in Federal funds finds its way to private contractors each year. Yet, instead of tightening the oversight and control of such a large proportion of the Federal budget, the Administration has encouraged more contracting out.

Despite the existence of the Office of Management and Budget Circular A-76, which establishes guidelines for contracting out commercial and industrial-type activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole source contracts, and a waste of taxpayer dollars.

Already, previous revisions applied to the Circular have virtually destroyed cost efficiency, the primary concern of the American taxpayer. Until 1983, government policy stipulated that contracts should be awarded only when cost studies demonstrated it would be less expensive to perform the work under contract than in-house. The policy, which applied to Federal activities worth more than $100,000, protected the Government and the American taxpayer from paying unnecessarily high prices for essential goods and services.

The policy was spelled out in the Circular A-76, but in 1983 the Administration changed the cutoff point below which cost comparison studies are not required. The revised Circular states that Federal activities with 10 or fewer Full-Time Equivalents may be contracted out without a cost comparison study. These activities can be, and have been contracted out by agency heads without having to determine whether the work can be performed more efficiently by Government personnel.

The Fiscal Year 1986 DOD Authorization Act (Public Law 99-145) raised the cutoff point again, this time from 10 employees to 40. Under the Act, DOD activities employing fewer than 40 civilians would not be required to perform a full A-76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committee's action, the Defense Appropriations Committees modified the cutoff point change in the FY 1986 Defense Appropriations Bill by requiring agencies to complete a most efficient and cost-effective organization analysis and certification before a DOD activity employing more than 10 civilians but fewer than 40 could be contracted out. (Under this modified MEO and cost comparison, no conversion costs would be included, nor would there be any appeal rights. It is simply a provision to ensure that the Government is performing a function in the most efficient and cost effective manner before its costs are compared with those of a contractor.) NFFE is currently working to ensure that the Armed Services Committees do not repeal this contracting out restriction in the Supplemental Defense Authorization Bill for FY 1986.

Even when cost comparison studies are used, the agency is not protected from cost overruns. For example, the Precision Measurement Equipment Laboratory at Warner Robins Air Logistics Center in Georgia estimated savings to be $656,878 from October 1, 1979 to September 30, 1982. First, the initial contractor lost the contract due to performance problems and the Air Force subsequently paid the contractor $300,000 for the agency's failure to state adequately the conditions of the contract. The payment for these costs and the increased contract cost for the second contractor exceeded the Air Force's in-house cost approximately $798,000 during the first 18 months of the initial contract. This figure does not include the cost of unemployment or welfare benefits which may have been received by displaced Federal employees. (GAO/NSIAD, April 15, 1985)

Raising the threshold for requiring A-76 studies makes it impossible to ensure that the taxpayers' dollars are properly spent, and that Federal workers are permitted to compete for their own jobs. On August 14, 1985, OMB published a revision to Circular A-76 which will further encourage performance by contract. The most disastrous effect of the revision is the increase in the cost of the Federal employee fringe benefit factors from 27.3 percent of payroll to 35.75 percent. The largest increase among the benefits is retirement, which increased from 20.4 percent of payroll under the 1983 Circular to 27.9 percent under the OMB revision. The result of this revision is staggering.

Already the Department of Engineering and Housing at Fort Ritchie, Maryland has lost a bid to a contractor solely because of the increase in the fringe benefit cost factors. The employees, who are represented by NFFE Local 1153, provide many services to the Army post, including the maintenance of the heating and refrigeration systems, as well as general maintenance of the post facilities. Seventy positions were affected when the bids were opened at the end of September. During the study, employees diligently assisted management in recording the numerous duties which they performed, and the operation had been streamlined effectively to achieve the Most Efficient Organization. Nevertheless, shortly before the bids were opened, the in-house costs had to be corrected to adjust for the new OMB increases in fringe benefit costs. The resulting in-house operation cost was only $400,000 more than the winning contractor's bid for the five-year, multi-million dollar project.

To add insult to injury, the contract will be cost-plus, which could easily exceed the $400,000 savings in less than a year if the contractor understated the price for required equipment and products. Furthermore, the entire Technical Evaluation Committee, which reviews the management study and evaluates the ability of the contractors to perform the work, determined that the contractor was unresponsive and incompetent. The Committee thus recommended that the activity be retained in-house. Nevertheless, the contracting officer provided this particular contractor an opportunity to respond to the Committee's negative comments and remarks. (This same opportunity was not provided to any other contractor.) After receiving the contractor's response, the Committee continued to recommend in-house performance. The contracting officer, ignoring these recommendations, retained the contractor as the lowest bidder.

Examples such as this have made a mockery of the cost comparison process. Not only will the Government eventually lose money because the contractor's expertise is not equal to that of the in-house operation, but seventy employees will lose their jobs.

NFFE is firmly opposed to raising the fringe benefit cost factor. It is nothing more than an attempt to skew cost comparison surveys in favor of private sector contractors, as we clearly see from the situation at Fort Ritchie. OMB's justification for changing the retirement cost factor is use of the "full dynamic normal cost" of the Civil Service Retirement System. The dynamic normal cost is based on assumptions of 5 percent annual inflation, 5.5 percent future pay increases, and 6.5 percent interest. First of all, the assumptions used by the Civil Service Retirement System to estimate future costs are inconsistent with the lower pay raises and cost-of-living adjustments received by Federal employees and retirees in the past several years. In addition, the fringe benefit cost factor for retirement does not reflect the expected changes relating to the post-1983 employees covered by Social Security.

The 27.9 percent retirement cost was derived by the Office of Personnel Management for purposes of financing calculations, not cost comparison. OMB's previous fringe benefit cost factor for retirement was 20.4 percent of payroll, and was based on a different set of assumptions than those used by OPM for financing purposes. Because the Administration is apparently committed to reducing the number of Federal employees, OMB has decided to apply OPM's 27.9 percent retirement factor to the Circular A-76. Obviously, the increase makes it more difficult for Federal employees to compete for their jobs with contractors, and paves the way for reductions-in-force.

One of the greatest tragedies caused by increased contracting out is the Government's loss of institutional knowledge and expertise. Highly qualified Federal employees are forced into early retirement, the private sector, or simply into unemployment because their jobs are contracted out. In many cases, the agency never retrieves the function because it no longer employs workers with the necessary skills. If the contractor performs poorly or consistently overcharges, the agency is virtually held hostage because the work must be completed and in-house expertise is no longer available.

Congress must take steps to protect tax dollars and ensure that civilian jobs are not lost merely to satisfy the Administration's desire to give private industry a larger slice of the Federal budget. At the very least, Congress should require equitable cost comparisons to determine the most efficient and least expensive manner to perform all Government functions, replacing the 1983 threshold of ten FTEs. Normally, Federal workers should operate an activity at a much lower cost, and we are confident that an accurate cost comparison process will bear this out. However, in those cases where it can be truly shown that contractors can do a better job for less money, then they should be given that opportunity. Furthermore, we would like to see the fringe benefit factor lowered to the point where it accurately reflects the true government cost.

In summary, the Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons: cost efficiency and quality performance. Thousands of Federal activities and billions of tax dollars are now wide open to potential abuse, especially within the DOD. NFFE strongly urges the Subcommittee to prevent this by including legislative restrictions on contracting out in the Fiscal Year 1987 Defense Appropriations Bill.

The Civilian Technician Program

During the past several years, NFFE has appeared before the Subcommittee many times to discuss the civilian technician program. Civilian technicians have helped maintain the National Guard and the Reserves as an effective fighting force for many years. These technicians are called upon to provide full time administration, supply, training and maintenance support that has enabled each Reserve component to become a key link in our national defense structure. The Defense Department has recognized that civilian technicians are the group best able to accomplish the task of performing this critical mission. Today, technicians are stationed in every state and territory and at thousands of bases and armories, constantly ensuring that our forces are ready to meet any crisis.

The technician program has been plagued by problems during the last few years. In 1979, the Pentagon began converting technician positions to full time military slots claiming that the use of active military was more cost efficient and more beneficial to the military effectiveness of the force. However, the Department of Defense after several years of working under the Active Guard and Reserve (AGR) program, finally became aware that this is not the case. It has been shown through recent studies that the cost of the AGR program is more expensive than the civilian technician program. Moreover, the conversion program has done nothing to improve the readiness of the Guard and Reserves. On the contrary, it has only weakened it. As we have warned all along, the DOD found it difficult to recruit qualified active duty replacements for civilian technicians. This was especially true in the Wage Grade area, which comprises nearly half of the technician work force. Not only did the civilian technicians not wish to convert from their civilian positions to military positions, but the DOD had to reduce qualifications in order to fill these military positions and increase the pay as an incentive to recruit full-time active employees. Readiness also suffered because of a loss of experienced technician personnel.

Due to the pay raises that the military has received in the past few years, and the pay cap on civilian employees' pay, military personnel costs have risen more than anticipated when the AGR program was conceived. Congress finally recognized these problems when it placed a moratorium on further technician conversion in a continuing resolution enacted in December of 1982. Congress extended the moratorium through FY 1984 and also placed a ceiling on AGR positions in FY 1985. In addition, the language in the FY 1986 Defense Appropriations report directs that further conversion to technicians to Active Guard and Reserve status should not be made until a report is submitted to the Committees outlining the Defense Department's efforts to resolve the problems associated with the full-time support program. NFFE would like to see the number of AGR positions decreased and we hope that the positions already converted to active military will be switched back to civilian slots.

In 1982, in testimony before the House Committee on Appropriations, Acting Deputy Assistant Secretary of Defense, John Brinkerhoff, testified that his goal was to accomplish the mission with the least cost. This can be done with the civilian technicians we presently have. Nevertheless, the Department of Defense is asking a substantial increase in the AGR end strength for Fiscal Year 1987. NFFE again asks the Subcommittee to reverse this request and keep the AGR program at its present ceiling or below. We also request that the technician program be increased accordingly to meet the full time support requirements of the Guard and Reserves in the most efficient and least expensive manner possible.

In addition to our concern about AGR increases, NFFE members have recently experienced serious problems with new training requirements for civilian technicians in the Army National Guard under the Military Education Program (MEP). The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their active Army counterparts. However, the Army National Guard has refused to grant credit to technicians for skills developed in other training programs, and will require technicians to retake many courses which they have successfully completed. In some cases, technicians are even being required to take courses which they are teaching at the state level. This is not just tedious for the civilian technicians affected by such requirements, it is extremely wasteful spending.

The main cause of disruption is the July 1, 1986 deadline for technicians to enroll in the "alternate training method." This method allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, the battle skills course and achieving Military

Occupational Specialty qualification. The prior training taken by the technicians would be credited towards MEP qualification. Unfortunately, the requirements for qualification and the availability of the alternate method were not communicated to technicians until very recently. At this point, there simply are not enough slots available in the battle skills course for technicians to qualify by July 1. If the technicians do not take this course, they will lose credit for the many state courses they have taken over the years.

The local commander at the Utah Army National Guard has vehemently opposed the training, calling it "repetitive, irresponsible, and certain to have an adverse impact on the mission." At the Utah facility, there are currently 62 applicants for the newly required courses, but only three slots available. The request for a waiver of the deadline was denied by higher authorities. Clearly, the National Guard should either reconsider the worthiness of the additional training for technicians, or extend the deadline on the qualification through the alternate method for another year.

NFFE has a final suggestion for National Guard civilian technician savings: to permit technicians to work in civilian clothes while they are in civilian status. Civilian technicians turn in uniforms rendered unserviceable due to wear and tear, and are reissued new uniforms at no cost to the technician. Based on the replacement of only two utility uniforms for Wage Grade employees and one dress uniform for General Schedule employees, an annual cost savings of $4.1 million could be realized.

Furthermore, because of the current requirement to wear the military uniform while in a civilian status, extra clothing and special equipment must be issued to each civilian technician. Based on an average of data compiled from five states, civilian technicians are issued $9.9 million worth of additional equipment. If technicians were not required to wear the military uniform, this equipment could be returned to the supply system for reissue.

In these times of massive defense spending and mandated budget cuts under Gramm-Rudman-Hollings, Congress is looking at every possible way to reduce spending. Eliminating the requirement for civilian technicians to wear military uniforms is a feasible suggestion for cutting costs, with no adverse effect on readiness.

That concludes my statement. I will be happy to answer any questions.

National Federation of Federal Employees

James M. Peirce • President
Abraham Orlofsky • Secretary Treasurer

In reply refer to: HR-BM-91

May 2, 1986

The Honorable Bill Chappell
Chairman, Subcommittee on Defense
House Committee on Appropriations
H-144 United States Capitol
Washington, D.C. 20515

Dear Chairman Chappell:

The National Federation of Federal Employees requests permission to extend the remarks which we made before the Subcommittee on April 29, 1986. We would appreciate your submitting the extension into the record for the Fiscal Year 1987 Defense Appropriations hearings.

We have been recently informed of a serious situation arising in the Air Force Systems Command which would result in the furlough of civilian employees due to Gramm-Rudman-Hollings budget cuts. The NFFE represents several hundred of these federal employees at Air Force Bases across the country, and we are extremely concerned that 8600 civilians could be furloughed for up to 15 days during Fiscal Year 1986.

The civilian personnel employed by the Air Force Systems Command provide essential research and development work. For example, the employees of the Air Force Geophysics laboratory at Hanscom Air Force Base in Massachusetts are responsible for basic research associated with the strategic defense initiative and the Air Force launch shuttle. Their work ranges from research on the neutral particle beam experiment to the SDI directed energy weapons program. The proposed furlough of employees for such a long period of time could lead to significant delays in the schedule of such experiments and ultimately hamper military readiness.

If we are to preserve this nation's space and defense programs, we cannot afford to furlough the employees who work for them. I therefore urge you to appropriate additional funds or reprogram current funds to prevent the furlough of these employees.

1016 16th Street, NW; Washington, DC 20036; Phone: (202) 862-4400

NFFE National Vice Presidents:
Region 1, Jim Pasquarello, Beverly, MA
Region 2, Robert E. Estep, Jr., Chambersburg, PA
Region 3, A. B. Reynolds, Panama City, FL
Region 4, Richard E. Reiman, Terlton, OK
Region 5, William P. Davis, Parker, AZ
Region 6, Eric J. Meleen, Camarillo, CA
Region 7, Robert S. Keener, Keizer, OR
Region 8, James M. Waddell, Hazelwood, MO
Region 9, Ronald Kipke, Glen Ellyn, IL

In addition, I am enclosing a copy of the letter which we sent to Major General Herbert R. Temple, Jr. of the Army National Guard regarding the Military Education Program training requirements and his response. Although Major Temple referred to the MEP issue, his response to the current problems it has caused for civilian technicians in unsatisfactory.

General Temple does not seem to recognize the hardship placed upon civilian technicians who have been prevented from enrolling in the alternate method due to the lack of available slots. In many National Guard installations, management failed to notify civilian technicians that additional training would be required and that the alternate method deadline is July 1, 1986. Furthermore, the slots for the alternate method were granted first to part-time weekend National Guardsmen, rather than to civilian technicians. If the civilian technicians are not permitted to enroll in the alternate method, they will be forced to undergo extremely expensive training which they have already received. If they do not receive training under the alternate method or the newly required costly method, they will have no military promotion potential. This directly affects their civilian employment, since the civilian promotions are tied to their military grade. Just as importantly, taking these technicians away from their regular duties in order to receive training which they have already taken is certain to have an adverse impact on the mission. I urge you to ask General Temple to extend the deadline for enrolling in courses under the alternate method, or to reconsider the worthiness of the additional training for technicians.

Thank you for your consideration. If you have any questions, please do not hesitate to let me know.

Sincerely,

James M. Peirce
President

National Federation of Federal Employees

NFFE

James M. Peirce • President
Abraham Orlofsky • Secretary Treasurer

In reply refer to: NGB-CW-34

April 15, 1986

Major Gen. Herbert R. Temple, Jr.
Director
Army National Guard
Room 2E408
The Pentagon
Washington, DC 20310-2500

Dear General Temple:

The recent changes in the Military Education Program (MEP) requirements for National Guard Technicians are causing serious problems for many of our members. The problems arise, in part, from a lack of communication of the new requirements of the program, and also from unfairness inherent in the requirements.

The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their active Army counterparts. Unfortunately, conversion to the requirement of active Army training courses, without proper credit for skills developed in other training programs, will require technicians to retake many courses which they have successfully completed. In some cases, technicians are even being required to take courses which they are teaching at the state level.

The main cause of disruption is the July 1, 1986 deadline for technicians to enroll in the "alternate training method." This method allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, the battle skills course and achieving MOS qualification. The prior training taken by the technicians would be credited towards MEP qualification. Unfortunately, the requirements for qualification and the availability of the alternate method were not communicated to technicians until very recently. At this point, there are simply not enough slots available in the battle skills course for technicians to qualify by July 1. If the technicians do not take this course, they will have to begin the regular Army MEP process from the beginning and will lose the benefit of the many state courses they have taken over the years.

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Region 9, Ronald Kipke, Glen Ellyn, IL

NGB-CW-34 April 15, 1986

It is not clear where the breakdown in communication occurred between you and the technicians. We believe, however, that there are still many technicians who do not know that their promotion possibilities will be significantly limited if they do not take these classes by July 1. For this reason, it is critical that you extend the deadline on the qualification through the alternate method for another year.

The disruption that would be caused by the large numbers of technicians attempting to take the long training required for regular Army qualification at the same time would impair operations at the Local level. These disruptions can be easily avoided.

NFFE is also concerned with the more basic unfairness involved in these changes. There is no justification for discriminating against technicians by requiring them to take regular Army training, while the other part-time members of the National Guard may take state courses.

I hope that we can work together to alleviate the many problems which have been caused by the implementation of these changes. I would very much like to meet with you to discuss these problems and to see if we can find some solutions.

Sincerely,

James M. Peirce
President

cc: Thomas Link, Chief, Office of Technician Personnel
Ed Remiszewski, Branch Chief, Military Education Branch

21 April 1986

Mr. James M. Peirce
President
National Federation of Federal Employees
1016 16th Street, NW
Washington, D.C. 20036

Dear Mr. Peirce:

Thank you for your letter of 15 April relative to Military Education Program (MEP) requirements for Army National Guard Military Technicians.

MEP is designed to insure that all AGR and Technician personnel possess the highest and most current standards of military professionalism that can be provided. Given the reliance upon the ARNG to meet accelerated and expanded national security responsibilities, to do otherwise is a disservice to our nation and its people and the part-time Guardsmen who make up the major part of our force.

The Battle Skills Course was created to provide the part-time Guardsman a comprehensive and time sensitive course to raise the battlefield survival skills of those NCOs who have not had such training since either Basic Training or AIT. The alternate method of meeting the MEP requirement was a one-time accommodation to those who had attended State leadership courses prior to the initiation of MEP. We never intended to make the alternate method a permanent alternative to attending AC courses. To do so would deny Battle Skills spaces and training to our part-time Guardsmen. That is unfair.

I would be pleased to discuss any matter with you. There are no problems with MEP--it will serve the nation and its soldiers well. There is no unfairness or discrimination--only a demand for professionalism among professionals.

Sincerely,

HERBERT R. TEMPLE, Jr.
Major General, GS
Director, Army National Guard

TUESDAY, APRIL 29, 1986.

NAVAL RESERVE ASSOCIATION

WITNESS

CAPTAIN CHARLES BUESENER, DIRECTOR OF LEGISLATIVE AFFAIRS, NAVAL RESERVE ASSOCIATION

INTRODUCTION

Mr. CHAPPELL. Captain Charles Buesener, Vice President of the Naval Reserve Association.

We are happy to have you with us.

STATEMENT OF CAPTAIN BUESENER

Captain BUESENER. I apologize for Captain Lucci being unable to appear today. His father is very ill and he was unable to get here from Buffalo.

I am the Director of Legislative Affairs for the Naval Reserve Association. I have been here about a year and a half. I spent 30 years in the Navy, 8 years in the Pentagon, and 2½ years as commander of the Naval Air Station in Willow Grove, Pennsylvania.

COMBAT CAPABILITY

We recognize that the naval reserve and the naval surface reserve is the most combat capable force the Navy reserves have had in memory. This is due in no small part to the continued and longstanding support of this committee for not only the philosophy of the Naval Reserve, not only its numbers but also its effectiveness in supporting much overdue modernization efforts to give the professionals that we have the capability to exploit fully their talents. That has always been the problem with the Naval Reserve, the talent of the individual members has always far exceeded the capability of the machinery they were given to do the job.

TACTICAL AIRWINGS

Thanks to this committee, much of that is being alleviated today and we are seeing much more capability on a daily basis. Our tactical air wings in terms of modernization are essentially on track and 80 percent there, in my assessment.

The critical nature of our efforts this year and next year under Gramm-Rudman-Hollings is to continue the effort. We need more equipment. We need to continue the effort of the past four or five years. We have our first FA-18 squadron in the air, a second one due this year. Our air wing cadre did not have any A-6Es nor did we have any KA-6 aircraft. That is becoming more and more evident on a daily basis.

The team requires the KA-6 tankers to fully exploit its capability. So we ask that you continue your support in that effort to provide the A-6 squadrons for the reserve air wings.

The only weapon system in the air wings that is currently not planned and programmed to become state of the art is one squadron of EA-6Bs. It is off the scope in the out years and even in

Third World confrontations now thanks to our people in Moscow, it is sophisticated missile air defense and these are the jammers, they are the electronic suppressors that in a sense make our air wing people get in and do the target and make the mission a survivable one.

That is an essential element.

We have EA-6As in one detachment for the one air wing that basically when I was in OP-05 I rescued from a Marine scrap heap and put them in the reserve air wings and they have been there ever since. I think we have to rectify that serious shortfall.

P-3C AIRCRAFT

The most effective segment is our ASW capability, both surface and air. We have heard talk about the Secretary of the Navy policy of horizontal integration and it has worked and is being executed except in one segment.

Our VP Navy has yet to bear the fruits of horizontal integration, i.e., putting a certain percentile of new production aircraft in reserve squadrons.

Thanks to this committee last year not only was the P-3 Charlie buy preserved, but language was included in the legislation directing the Navy to provide six of those aircraft to the reserve squadrons.

I had nothing to do with the decision, but oddly enough I have been informed that those six airplanes are going to be in NAS Jacksonville in the reserve squadrons when they come out of the pipe.

Equally important from our perspective was your support last year for the R&D program to upgrade the older sensors in the elder airplanes, because it is obvious that an affordable production of P-3 Charlies is not going to relieve the necessity of operating three to five squadrons of older A and B aircraft well past their service life and in the mid-nineties or else face the loss of four or five VP squadrons which we can ill afford to do.

Consequently, that segment of your support is particularly important to us. It is going very well and we expect to have some very good reports on the system's capability and also on the system's cost, which in the age of Gramm-Rudman is quite important to all of us.

A matter of major concern to us is the frigates. There are essential blind boxers. They need the towed array, they need it yesterday and we need your continued support.

Mr. **Chappell**. Captain, I think we are going to have that one on the way, too.

COMBAT SAR

Captain **Buesener**. Combat SAR, three years ago the Naval Reserve Association brought the issue of combat SAR before the Congress. The Congress responded over several years with $37 million. To date, there has been no procurement of any new aircraft for the combat SAR mission.

The people on the East and West Coast are still flying HH-1Ks which are over 20 years old and HH-3 Alphas which are perhaps even older.

There is a program in the Navy, a competitive replacement combat SAR airplane. Our original point of view was to take an off-the-shelf UH-60 and put it into the combat SAR mission as a cheap, cost-effective, immediate fix, remembering that those days the Osprey was going to be the combat SAR vehicle of the future. We didn't think that was realistic from a time standpoint, so we recommended the UH-60. We do not know what the competitive bid choice will be by the Navy. We know that the basic air frames under consideration are ASW derivative air frames. We have seen no objection with ASW derivative air frames for the combat battle group mission perhaps where commonality within the air group is of an essential nature to the mission.

We do think that for the special operating forces mission we ought to look at it because one of the characteristics that I foresee in the ASW derivative is a small door and we have special operating forces people that are big.

We also have a mission profile that tends to be more rugged and violent relative to slamming it down into a jungle clearing and throwing people out and getting people back on. It is not nice, it is fast and it is hard.

We understand there is some degradation of sink rates and landing sink rates involved when you go to an ASW derivative helicopter because you move the tail wheel forward and the tail rotor boom adds to your center of gravity so you can't have the sink rates that you are talking about.

We think we have to look at this.

Mr. **CHAPPELL**. We are running a little short of time. If you could close.

Captain **BUESENER**. I will close very quickly.

People programs, we need a TAR reenlistment bonus. These people are going to sea, performing the job side by side with their contemporaries and getting two different pay scales. These people provide the stability and core and they ought to be treated on an equitable basis with every other enlisted person.

Thank you for your time.

Mr. **CHAPPELL**. We appreciate very much your testimony. We are very proud of the Naval Reserve and proud of what the Naval Reserve Association does to help the reserve and the services.

Thank you very much.

[The statement of Captain Lucci follows:]

STATEMENT BY
CAPTAIN PAT R. LUCCI
U.S. NAVAL RESERVE (RETIRED)
NATIONAL PRESIDENT
OF THE
NAVAL RESERVE ASSOCIATION
TO THE
DEFENSE SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
FY 1987 DEFENSE AUTHORIZATION BILL
29 APRIL 1986

CAPT P.R. LUCCI, USNR (RET)

Captain P.R. Lucci, our National President, is a resident of Buffalo, New York. He took his bachelor of science degree at State University of New York Maritime College and has attended the University of Buffalo Law School. In civilian life he is President/General Manager of a fast food restaurant chain, owner/operator of Mister Doughnut franchises in Western New York and President of several foodstuffs warehousing and distribution companies operating throughout the Eastern United States.

His Naval Reserve career has included assignments as Chairman, Buffalo Recruiting District Assistance Council; Commanding Officer, Naval Reserve Supreme Allied Commander Detachment 205; and Commander Naval Reserve Readiness Command, Syracuse. He retired from the Naval Reserve in July 1983. He has been active in military organizations and committees including the Navy League of the U.S., the President's Committee for Employer Support of Guard and Reserve, the Militia Association of New York, the Naval Order of the U.S., and the Western New York Armed Services Committee. Among his military decorations are three Navy Commendation Medals.

Captain Lucci's past activities in the Naval Reserve Association include Past President, NRA Third District and Past National Vice President for Public Relations. Other civic activities have included membership on the Executive Committee of the Buffalo Naval and Seaman's Park and a Past Director of the Buffalo Yacht Club.

Captain Lucci lives with his wife, Dorothy, in Buffalo. They have three children.

Mr. Chairman, Committee members, the Naval Reserve Association appreciates the opportunity to present our views to the Committee for your consideration.

The Naval Reserve Association will continue to support the on-going modernization of the Naval Reserve in the FY-87 budget cycle.

The impact of Gramm-Rudman-Hollings on the Reserve modernization program is uncertain in regard to the FY-87 budget process. However, several issues of concern are beginning to emerge as FY-86 sequestration procedures have levied an approximate 5% cut in FY-86 funding levels. This equates, for example, to a loss of $43.9M from the Operations and Maintenance Naval Reserve (O&MNR) funding level approved in December of last year. The timing of this cut late in the fiscal year results in almost a 10% cut in programs over the remaining months in FY-86.

The Naval Reserve Association is concerned about the impact of the "fair share" approach of Gramm-Rudman-Hollings on Reserve Force modernization, readiness and safety. At first glance, this approach is appealing; all programs suffer the same and all arguments for modification and relief can be simply dismissed based on the logic of fairness and equity.

The fallacy in this automatic approach is that it fails to recognize how little above minimum sustaining level is the starting point for automatic sequestration.

Consequently, Reserve funding programs, both operation and maintenance and, in some cases, procurement, are maintained so close to minimum sustaining levels that just one or two automatic sequestrations can have catastrophic results.

For example, the O&MNR funding account supports Reserve flight hour program and equates to 120-150 hours per year per pilot. While this level of flight activity produces 87% primary mission readiness, it is just marginally above that which is minimum to achieve flight safety standards. Thus, a "fair share" loss of funding very quickly gets Reserve aviation into the marginally safe area. It must be recognized that although a 20% reduction in flight hours (quite possible under Gramm-Rudman-Hollings) will impact active Navy operational commitments, this same 20% reduction will place Reserve aviation in close proximity to increased aircraft accident rates.

Likewise, procurement initiatives for Reserve program modernization are in similar jeopardy. They tend to be small in terms of annual production rates and, thus, are much more vulnerable to total termination by production line shut down once, as a result of cumulative sequestrations, the minimum annual production rate is not sustained.

The Reserve Forces continue to be the best buy for the buck. Their inherent low cost is reflected in a funding profile just barely above the minimum sustaining level. This fact makes their programs, their modernization and, in some cases, their safety extremely vulnerable to Gramm-Rudman-Hollings automatic sequestration reductions.

If the gains in Reserve Force modernization and capability achieved over the past five (5) years is not to be wasted, these programs will have to be managed individually by Congress and the Department of Defense (DoD) and not blindly sacrificed to the automatic processes of Gramm-Rudman-Hollings.

The Naval Reserve Association has advocated the cost effectiveness of a well equipped and properly manned Naval Reserve.

THIS MESSAGE IS EVEN MORE IMPORTANT TODAY AS THE GRAMM-RUDMAN-HOLLINGS BALANCED BUDGET AMENDMENT GOES INTO EFFECT. WE RECOGNIZE THAT IN TRUTH, FY-87 WILL BE THE EASIEST YEAR OF GRAMM-RUDMAN-HOLLINGS, BUT WE ALSO BELIEVE CONTINUED MODERNIZATION AND GROWTH OF THE RESERVE COMPONENT MUST BE SUSTAINED IF THIS NATION'S MILITARY CAPABILITY IS TO BE MAINTAINED.

SECRETARY OF THE NAVY JOHN LEHMAN, IN HIS FISCAL YEAR 1987 POSTURE STATEMENT, REAFFIRMED HIS EARLIER COMMITMENT TO RESERVE FORCE STRUCTURE AND MODERNIZATION WHEN HE STATED:

> "FIVE YEARS AGO THE DEPARTMENT OF THE NAVY UNDERTOOK A MAJOR REORGANIZATION OF RESERVE COMPONENTS TO MOVE FROM A VERTICAL TO A HORIZONTAL RELATIONSHIP WITH THE ACTIVE FORCES. ESSENTIALLY, THAT MEANS THAT THE RESERVES MUST PROVIDE IMMEDIATE AUGMENTATION TO THE ACTIVE FORCE IN TIME OF EMERGENCY ACROSS THE ENTIRE SPECTRUM OF WARFARE. IT MEANS ALSO THAT, IN PEACETIME, WE RELY ON SELECTED RESERVES TO PROVIDE REAL-TIME FLEET SUPPORT ACROSS THEIR MISSION AREAS. TO EXECUTE THIS COMMON-SENSE POLICY, THE RESERVES MUST HAVE EQUIPMENT COMPATIBLE WITH THE ACTIVE FORCES. FOR INSTANCE, INSTEAD OF PROVIDING THE RESERVES ONLY SUCH EQUIPMENT AS BECOMES OBSOLETE AND IS REMOVED FROM THE ACTIVE FORCE, THERE MUST BE A SPECTRUM OF NEW AND OLD EQUIPMENT REFLECTED IN THE RESERVES PARALLEL TO AND IN THE SAME PROPORTION AS THAT IN THE ACTIVE FORCE. WE HAVE TAKEN FUNDAMENTAL STEPS TO BRING THIS ABOUT:
>
> "- ELEVEN MODERN OLIVER HAZARD PERRY AND KNOX-CLASS FRIGATES HAVE BEEN TRANSFERRED TO THE NAVAL RESERVE FORCE, WITH A TOTAL PROGRAM OF TWENTY-SIX FRIGATES PLANNED BY 1990.
>
> "- THE FIRST RESERVE SQUADRON HAS NOW TRANSITIONED TO THE F/A-18 AND TWO OTHER SQUADRONS TO THE F-14A.
>
> "- MODERN A-7E, E-2C, AND SH-2F AIRCRAFT HAVE OR ARE BEING TRANSFERRED OR ACQUIRED FOR RESERVE UNITS THIS YEAR, WITH OTHER FLEET AIRCRAFT TO FOLLOW DURING THE CURRENT FIVE-YEAR PLAN.
>
> "- SQUADRON AUGMENTATION FLYING UNITS HAVE BEEN ESTABLISHED AND HAVE BEEN OPERATING SUCCESSFULLY WITH EACH ACTIVE DUTY AIRWING, PROVIDING CURRENT-TRAINED AVIATORS AND MAINTENANCE PERSONNEL FOR IMMEDIATE AUGMENTATION TO ACTIVE DUTY SQUADRONS.
>
> "THE NAVAL RESERVE CONTAINS SEVERAL COMPONENTS WHICH EXIST ONLY IN THE RESERVES: 100 PERCENT OF THE NAVY'S U.S.-BASED LOGISTICS SUPPORT SQUADRONS; 100 PERCENT OF LIGHT-ATTACK HELICOPTER SQUADRONS; 100 PERCENT OF OUR COMBAT HELICOPTER SEARCH AND RESCUE CAPABILITY; 100 PERCENT OF NAVAL MOBILE INSHORE/UNDERSEA WARFARE UNITS -- THE 'BROWN-WATER NAVY' -- STRUCTURED FOR COMBAT ON INLAND WATERWAYS. UPON MOBILIZATION, THE RESERVES PROVIDE 99 PERCENT OF NAVAL CONTROL OF SHIPPING ORGANIZATION

> MANNING FOR MERCHANT SHIP MOBILIZATION AND CONVOY FORMATION FOR OVERSEAS OPERATIONS; 86 PERCENT OF OUR OCEAN GOING MINESWEEPERS; 86 PERCENT OF THE CARGO-HANDLING BATTALIONS VITAL TO PORT MANAGEMENT AND LOADING OPERATIONS IN COMBAT THEATERS; 85 PERCENT OF MILITARY SEALIFT COMMAND MILITARY PERSONNEL; 68 PERCENT OF NAVAL MOBILE CONSTRUCTION BATTALIONS, THE FAMED SEABEES; 66 PERCENT OF SPECIAL BOAT FORCES; 35 PERCENT OF MARITIME ANTI-SUBMARINE WARFARE PATROL AIRCRAFT SQUADRONS; 34 PERCENT OF NAVAL INTELLIGENCE PERSONNEL; 21 PERCENT OF ASW HELICOPTER SQUADRONS NEEDED FOR FLEET AND CONVOY ANTI-SUBMARINE DEFENSE EFFORTS; AND 14 PERCENT OF OUR TACTICAL SEA-BASED AVIATION CAPABILITIES."

STRESSING THAT THE NAVAL RESERVE CAPABILITY IS NOT ONLY A "POST MOBILIZATION" GAIN CAPABILITY, SECRETARY LEHMAN GOES ON TO STATE:

> "IT IS NOT OFTEN REALIZED HOW FULLY INTEGRATED OUR NAVY AND MARINE CORPS RESERVES ARE BECOMING IN OUR ACTIVE FORCE STRUCTURE AND PEACETIME OPERATIONS. NAVAL RESERVE C-9 TRANSPORT AIRCRAFT MADE MANY TRIPS IN SUPPORT OF OUR MARINES ASHORE IN BEIRUT DURING 1983 AND 1984, AND PROVIDED DIRECT SUPPORT TO OUR OPERATIONS IN GRENADA DURING THE SAME PERIOD. THE READY RESERVE PROVIDED 349 VOLUNTEERS FOR THREE-WEEK TOURS OF DUTY ABOARD THE BATTLESHIP NEW JERSEY DURING ITS 11-MONTH 1984 DEPLOYMENT, ENABLING MOST OF THE CREW TO ROTATE HOME FOR LEAVE. AND FOR THE LAST TWO YEARS AVIATION SQUADRONS ABOARD DEPLOYED CARRIERS HAVE BEEN AUGMENTED BY RESERVISTS FROM SQUADRON AUGMENT UNITS (SAUs) ON VOLUNTARY TEMPORARY ACTIVE DUTY."

ADMIRAL JAMES D. WATKINS, CHIEF OF NAVAL OPERATIONS, VOICED HIS CONTINUED STRONG SUPPORT OF THE NAVAL RESERVE AND THE DEPARTMENT OF THE NAVY'S HORIZONTAL INTEGRATION POLICY WHEN HE STATED IN HIS FISCAL YEAR 1987 POSTURE STATEMENT:

> "THE NAVY'S TOTAL MANPOWER NEEDS RESULT DIRECTLY FROM REQUIREMENTS OF THE MARITIME STRATEGY. HOWEVER, THE SIZE AND COMPOSITION OF THE ACTIVE NAVY ARE CONSTRAINED BY AFFORDABILITY AND ATTAINABILITY LIMITS, REQUIRING INTELLIGENT USE OF OUR RESERVES. WE HAVE MOVED FORWARD AGGRESSIVELY TO INTEGRATE AND MAXIMIZE RESERVE CONTRIBUTIONS WHILE ENSURING THAT NO MISSIONS ARE TRANSFERRED TO THE RESERVES WHICH EITHER RESULT IN A NET DEGRADATION OF READINESS, CANNOT BE SUPPORTED BY AVAILABLE RESERVE MANPOWER, OR ARE COSTLIER THAN LEAVING THEM WITH THE ACTIVE FORCES.
>
> "THE FOCUS OF THIS PROCESS IS 'HORIZONTAL INTEGRATION'. FRONT-LINE SHIPS AND AIRCRAFT NOW COMPOSE A HIGH PERCENTAGE OF THE RESERVE INVENTORY, INCLUDING INCREASING NUMBERS OF RESERVE OLIVER HAZARD PERRY AND KNOX CLASS FRIGATES. BOTH RESERVE CARRIER AIR WINGS ALREADY FLY OR ARE PROGRAMMED TO RECEIVE FLEET COMPATIBLE STATE-OR-THE-ART FIGHTER, ATTACK, AND SURVEILLANCE AIRCRAFT. ADDITIONALLY, WE HAVE PROGRAMMED NEW MEDIUM ATTACK A-6E AND EA-6B SQUADRONS FOR RESERVE WINGS SO THEY WILL BE COMPLETELY MODERNIZED IN SYNCHRONIZATION WITH DELIVERY OF THE TWO NEWEST

> Aircraft carriers. The day-night cycle flight operations by a Reserve air wing aboard USS RANGER in January of this year have demonstrated the progress of horizontal integration. The squadron augment unit (SAU) program initiated in 1984 integrated Reserve training into active fleet units and increased total force readiness. SAU air crews not only fly the same aircraft but also perform annual active duty for training with their gaining squadrons. I intend to continue and expand the number of participating Reserve aircrews. One-third of the P-3 ORION Maritime Patrol Aircraft squadrons are in the Reserve. These squadrons fly the modern P-3 ORION TACNAVMOD aircraft which allows Reserve flight crews to deploy and operate side by side with active squadrons.
>
> "The planned transfer of 25 additional active ships and the introduction of 31 new mine warfare ships and 22 craft of opportunity by 1992 is particularly ambitious. Trends in combat readiness for surface units already in the Reserves are gratifying. Four years ago, only one Reserve surface ship in five reported combat ready. Today, three out of four are in that status."

As the stature and capability of the Naval Reserve have increased, so has the pay-back to the American people gained. One of the most proximate benefits of Reserve Force modernization is the ability of Reserve Force squadrons and ships, as well as non-hardware units, to assume responsibility for Navy operational commitments in peacetime.

This contribution represents cost savings to the American taxpayer everyday, as these missions performed by Naval Reservists result in active force levels less than would otherwise be required.

Vice Admiral Cecil J. Kempf, USN, Director of Naval Reserve, addressed this facet of the modern Naval Reserve in his statement before the Readiness Subcommittee of the House Armed Services Committee when he stated:

> "'Mutual support' describes those Naval Reserve training evolutions which also provide direct assistance to active duty units in the performance of their peacetime mission. This mutual support encompasses almost all mission areas and is a preferred method of training, since tasks performed during peacetime are similar to those expected at the outbreak of hostilities. Perhaps equally important is that our Reservists take real satisfaction in training duty which they know makes a meaningful contribution to the Navy.

"A FEW EXAMPLES OF THE MUTUAL SUPPORT PROVIDED DURING FISCAL YEAR 1985 ARE AS FOLLOWS:

"o RESERVE AVIATORS PERFORMED THE ENTIRE FLEET HEAVY LOGISTICS SUPPORT EFFORT WITHIN THE CONTINENTAL UNITED STATES (CONUS), FLYING ALMOST 22,000 FLIGHT HOURS.

"o SURFACE FORCE NAVAL RESERVISTS PROVIDED OVER 105,000 MANDAYS OF FLEET EXERCISE SUPPORT.

"o 3,600 MANDAYS WERE DEDICATED TO NAVAL RESERVE SHIPS BLAKELY, VALDEZ, AND PATTERSON FOR CENTRAL AMERICA PRESENCE OPERATIONS.

"o NAVAL RESERVE CONSTRUCTION FORCES PROVIDED MORE THAN 21,000 MANDAYS OF MUTUAL SUPPORT TO ACTIVE NAVY AND MARINE CORPS COMMANDS.

"o RESERVE COMPOSITE SQUADRONS (VC) PROVIDED OVER 5,000 HOURS OF SERVICES TO FLEET UNITS PARTICIPATING IN DISSIMILAR AIR COMBAT TRAINING (DACT), ACTING AS TARGET AIRCRAFT FOR AIR INTERCEPT TRAINING AND RADAR TRACKING EXERCISES, AND PERFORMING THE AGGRESSOR ROLE IN FLEET EXERCISES.

"o NAVAL RESERVE SECURITY GROUP UNITS CONTINUED SUPPORT OF THE NATIONAL CRYPTOLOGIC EFFORT THROUGH 36,000 MANDAYS OF PARTICIPATION IN PROJECT CLASSIC BUOYANT.

"o ELEVEN RESERVE PATROL (VP) SQUADRONS PROVIDED 44 WEEKS OF FLEET SUPPORT AT LAJES, AZORES, AND MISAWA, JAPAN.

"o RESERVE SQUADRONS FLEW MORE THAN 640 FLIGHT HOURS OF SURVEILLANCE SORTIES IN SUPPORT OF VICE PRESIDENT BUSH'S DRUG INTERDICTION PROGRAM.

"SIGNIFICANTLY, USS PRESERVER (ARS-8), A NAVAL RESERVE SHIP, IS THE PRIMARY SURFACE SALVAGE VESSEL AT THE SCENE OF THE SPACE CHALLENGER EXPLOSION. RESERVE CREWMEMBERS AND DIVERS ARE PARTICIPATING IN RECOVERY OPERATIONS. FARTHER SOUTH, NAVAL RESERVE SHIPS AND SQUADRONS ARE INVOLVED WITH NAVY, AIR FORCE, AND COAST GUARD UNITS IN DRUG INTERDICTION MISSIONS."

THERE IS NO DOUBT THAT TODAY'S NAVAL RESERVE CAPABILITIES ARE AT THE HIGHEST LEVEL EVER. IT IS IMPORTANT IN THIS ATMOSPHERE OF WELL-BEING AND ACCOMPLISHMENT TO RETAIN OUR PERSPECTIVE.

A REVIEW OF RECENT HISTORY OF THE NAVAL RESERVE DEMONSTRATES THAT THREE (3) DOMINANT FORCES, DOD, CONGRESS AND RESERVE ASSOCIATIONS, PLAYED SIGNIFICANT ROLES IN THIS DEVELOPMENT PROCESS.

It must be pointed out that often these factors were in disagreement relative to the size, role and capability of the Naval Reserve. Certainly, the attitude toward the Naval Reserve present in DoD in the mid-seventies, which advocated end strength reduction to less than 32,000, loss of NRF ships and archaic hardware assignment policies, if not successfully thwarted by the associations and Congress, would have destroyed the Naval Reserve and precluded the vital and cost-effective contribution to the national defense the Naval Reserve provides today.

The development of the Total Force concept has greatly increased the visibility of and dependence on the Reserve Components and made them an important factor in force planning and funding objectives.

The most profound and significant change within DoD in traditional relationships between the active Navy and its Reserve Component has been effected by Secretary of the Navy John Lehman's policy of horizontal integration which is best described in his own words as follows:

> "Five years ago the Department of the Navy undertook a major reorganization of Reserve components to move from a vertical to a horizontal relationship with the active forces. Essentially, that means that the Reserves must provide immediate augmentation to the active force in time of emergency across the entire spectrum of warfare. It means also that, in peacetime, we rely on selected reserves to provide real-time fleet support across their mission areas. To execute this common-sense policy, the Reserves must have equipment compatible with the active forces. For instance, instead of providing the Reserves only such equipment as becomes obsolete and is removed from the active force, there must be a spectrum of new and old equipment reflected in the Reserves parallel to and in the same proportion as that in the active force. We have taken fundamental steps to bring this about."

The relationship between the Naval Reserve Association and Congress has been most productive, first in the 70's by stemming the tide rushing toward Naval

Reserve destruction and, subsequently, continuing the advocacy of a strong, modern and capable Naval Reserve.

Many of the recent and dramatic advances have been accomplished by funding add-ons to the DoD budget. These increases in the budget have addressed the broad spectrum of Naval Reserve shortfalls, ranging in scope from outfitting Reserve construction battalions and increases in maintenance of real property to increased or continued procurement of E-2C, A-6E, F/A-18, SH-2, P-3C aircraft to support and accelerate the modernization process.

Additionally, concerns voiced by NRA and supported by Congress have ensured the continued upgrading of the mix of older aircraft present in the Reserve inventory. The TACNAVMOD program and, most recently, AQA-7 display and acoustic processor enhancement initiative are but two examples of significant improvement in Reserve capability that were neither funded nor initially supported in the DoD budget process.

Both the above programs now have strong support within DoD as evidenced by the following statement by the Assistant Secretary of Defense (Reserve Affairs) to the Readiness Subcommittee of the House Armed Services Committee:

> "The TACNAVMOD upgrade for the P-3A and B maritime patrol aircraft will be completed in FY 1986, and upgrading of the AQA-7 acoustic processor on these aircraft will continue. These improvements will provide us with an effective, current reserve component maritime patrol force. However, to maintain our capability to meet modernized Soviet submarine forces, as well as providing active and reserve compatibility, Naval Reserve transitions to the P-3C aircraft must be accomplished. Earmarking six of the P-3C aircraft in the Navy's FY 1986 procurement program for the Naval Reserve was a significant step toward achieving this goal. This is especially important, since the Naval Reserve provides one-third of the Navy's total maritime patrol capability."

This amalgamation of effort is beginning to produce the combat capable and ready Reserve Force necessary to meet the challenge of the 90's and beyond. Although we have come a long way, there is still a considerable way to go.

The bow wave of force modernization, begun five or six years ago, is just now placing new equipment in the Naval Reserve.

The impact of Gramm-Rudman-Hollings with increasingly more difficult budget reduction targets in the 87-91 time-frame exactly coincides with the most critical years of Naval Reserve modernization. The superb accomplishments of the past five years (5) could easily be wasted if as a result of Gramm-Rudman-Hollings, Reserve programs are severely cut or eliminated.

The legislative efforts of NRA will highlight those areas of critical concern and will focus on initiatives designed to maximize the capability of existing weapon systems at minimum cost.

The Naval Reserve Association will address the following issues:

o Anti-Submarine Warfare

  - P-3C Procurement
  - TACTAS for NRF Frigates
  - SH-2 LAMPS MK I Procurement and Improvement

o Mine Warfare

  - MSH/MCM Procurement
  - Craft of Opportunity (COOP) Program

o Reserve Tactical Air Wings

- Combat Search and Rescue (CSAR)
- ARAPAHO
- Military Construction Naval Reserve
- Reserve Personnel
  - End Strength
  - Incentives
  - Family Support

ANTI-SUBMARINE WARFARE

This segment of Reserve force structure, both air and surface, comprises the largest portion of Reserve assets. The 13 land-based maritime patrol squadrons in P-3A/B aircraft, the three (3) HSL squadrons assigned SH-2 LAMPS MK I helicopters and the seven (7) 1052s and 12 FFG-7s (to increase to eight (8) 1052s and 18 FFG-7s) all have three (3) characteristics in common -- (a) they all are in transition, and (b) all hardware currently assigned must be upgraded and improved, and (c) this capability improvement program must be accomplished in the FYDP years of Gramm-Rudman-Hollings.

The Soviet submarine threat has continued to grow both in terms of numbers and capability.

In his Posture Statement last year, Secretary Weinberger stated:

> "With respect to the soviet submarine force,
>
> "Particularly worrisome have been the advances in the Soviet submarine fleet. This massive underseas combat force -- at more than 370 boats, by far the world's largest -- has improved greatly in quality over the past decade and a half. The 1970s saw the introduction of several new submarine types, including the nuclear-powered Alfa and

Victor III and the diesel-electric Tango. Classes introduced during the 1980s have yielded substantial additional improvements across the full range of submarine capabilities. For example, the 13,000-ton Oscar, armed with 24 SS-N-19 long-range anti-ship missiles, has significantly increased the scope and magnitude of the threat to our carrier battle groups and other surface forces. Still other new classes now being delivered to the fleet, such as the 9,700-ton Mike and the 7,300-ton Sierra, can be expected to yield further improvements in Soviet submarine capabilities in future years. These increases in size, which provide more space for weapons, and enhancements in speed and sound quieting, make the submarine more difficult to detect and engage."

In this year's Posture Statement, Secretary of the Navy John Lehman speaking of the Soviet submarine threat states:

> "Every American should be aware, for example, that Soviet nuclear submarines operate continuously off our coasts. 'Victor'-class nuclear attack submarines are routinely found lurking near many of our principal naval ports. Soviet surface units are now making regular deployments to the contentious and vulnerable chokepoints of the Caribbean Sea and Gulf of Mexico. Worldwide, we find the Soviet Navy astride the vital sea-lanes and navigational chokepoints, through which most of the Western world's international trade must pass. This is the new reality. The pattern of Soviet naval deployments has revealed itself only over the last several years. These deployments constitute a post-World War II change in the global military balance of power that has been surpassed only by the advent of thermonuclear weapons. No planner, civilian or military, can ignore the growing dimensions of Soviet maritime power."

Admiral James D. Watkins, Chief of Naval Operations, speaking of the evolving Soviet capability states:

> "Evolving full-spectrum capability. The Soviet Navy is aggressively developing the range of warfare capabilities commensurate with its global posture. The Soviets not only have the world's largest submarine force, but have introduced 13 new classes of submarines since 1975, 3 in the last 2 years alone. By contrast, the U.S. has introduced only two new classes during the same period. New Soviet submarines incorporate fundamental improvements over previous classes, including quietness, and sensor and weapons capability. New surface ships mount modern, capable anti-air and anti-submarine warfare systems to complement the Soviet fleet's historically strong suit of anti-surface warfare. Soviet Naval Aviation also gained significant new capability with introduction of the BACKFIRE supersonic bomber in the mid-1970's, and will take another quantum step forward with completion of their first large-deck aircraft carrier late in this decade."

RESERVE MARITIME PATROL (VP) SQUADRONS

The 13 Reserve VP squadrons comprise 35% of the total Navy land-based maritime patrol (MPA) force capability. Located throughout the United States (see Figure 1), these squadrons are equipped with a mixture of P-3A, lightweight P-3B and heavyweight P-3B aircraft.

FIGURE 1

Squadron	Location	Squadron	Location
VP-60	Glenview, IL	VP-67	Memphis, TN
VP-90	Glenview, IL	VP-68	NAF Wash, MD
VP-62	Jacksonville, FL	VP-69	Whidbey Island, WA
VP-64	Willow Grove, PA	VP-91	Moffet, CA
VP-66	Willow Grove, PA	VP-92	S. Weymouth, MA
VP-65	Pt. Mugu, CA	VP-93	Detroit, MI
		VP-94	New Orleans, LA

There are two problems associated with the assigned equipment. The first is operational obsolescence of installed equipment. None of the current Update III or follow-on Update IV avionic improvements are capable of being installed on these older aircraft.

The recently-funded AQA-7 display and signal processor enhancement program (an NRA initiative) will, when installed, enable these older aircraft to continue to function effectively in the mid-90's and beyond.

Secondly, and of prime concern, is the severe shortage of P-3 aircraft in the mid-90's. This shortfall, unless addressed now, will result in the loss of 50% of the Reserve squadrons by 1995. Figure 2 depicts this aircraft shortfall.

As indicated in Figure 2, continued production of nine (9) new P-3 aircraft per year continuously through the year 2000 will still result in a Reserve MPA force composed of seven (7) squadrons of P-3Cs and six (6) squadrons of P-3Bs.

The most acute shortage will occur in 1992 when some 108 older P-3A/B aircraft will require Service Life Extension Program (SLEP) to maintain existing force levels. On the other hand, if increased new P-3 procurement is selected as the desirable option beginning in 1988, a SIX year production of 27 P-3s per year will be necessary to meet force level requirements.

As can be seen, the problem is large but manageable if:

o We start to address the SLEP/Procurement issue now.

o MAINTAIN a continuous production of new P-3 aircraft throughout the period.

The turbulence in P-3C procurement which occurred in FY-86 budget deliberations is particularly disturbing to NRA. In our view, it demonstrates a lack of understanding of Total Force planning and programming requirements and a callous disregard not only of Reserve Force requirements, but also of the growing Soviet submarine threat.

It must be kept in mind that the initial impact of any cancellation of P-3C procurement is 100% absorbed by the Reserve Force structure as the active force is essentially a P-3C entity.

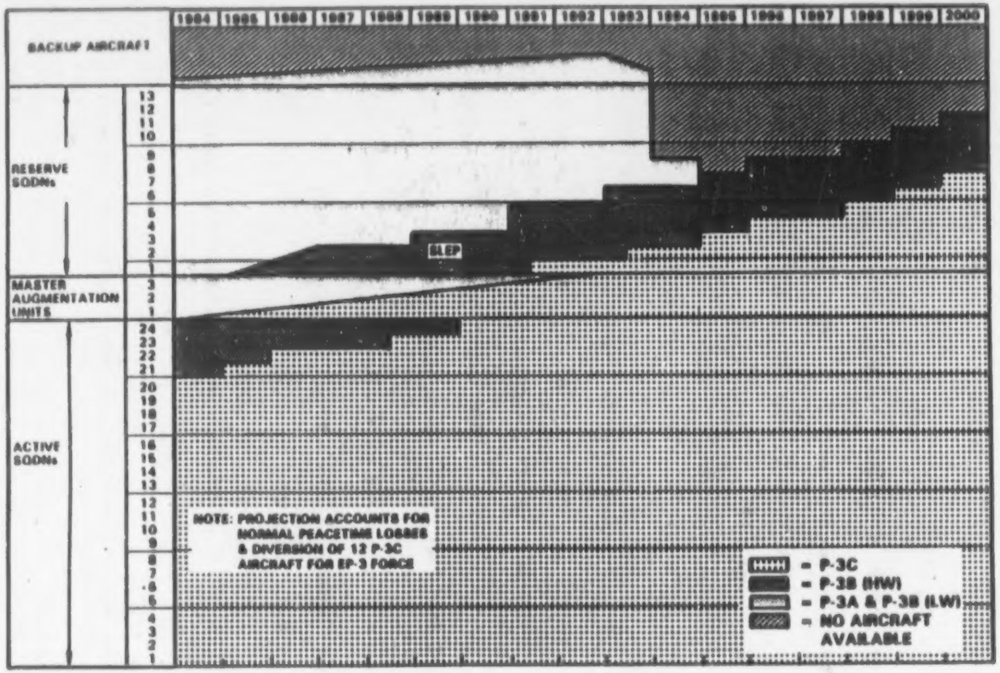
Fortunately, due to continued Congressional support, procurement of nine (9) P-3C aircraft were authorized for FY-86, with further direction that six (6) of these were to be assigned directly to Reserve Force squadrons. The FY-87 budget requests procurement of nine (9) P-3C aircraft.

Recommendation

The Naval Reserve Association strongly supports continued P-3C procurement and views this issue as one of critical importance to the readiness and capability of the Naval Reserve Force MPA squadrons.

MPA PROJECTED SQUADRON COMPOSITION

PROCUREMENT RATE: 9 A/C PER YEAR



NOTE: PROJECTION ACCOUNTS FOR NORMAL PEACETIME LOSSES & DIVERSION OF 12 P-3C AIRCRAFT FOR EP-3 FORCE

Figure 2

TACTICAL TOWED-ARRAY SONAR (TACTAS) FOR NRF FRIGATES

The Naval Reserve Association has continuously been a strong supporter of the assignment of modern, capable, surface ships to the NRF. The FY-87 budget request supports the transfer of three (3) FFG-7s and two (2) 1052s to the Naval Reserve. This transfer will bring the total Reserve Force inventory to 12 FFG-7s and seven (7) 1052 frigates.

This compliment of ships should provide significant ASW escort capability to the NRF.

However, the absence of TACTAS on all but two (2) of these ships (as of end FY-87) precludes the attainment of design capability and renders these otherwise fine ships at best, a marginally-effective ASW asset. Most knowledgeables believe that lack of the towed-array renders these ships non-deployable.

The Congress has continually voiced strong support for procuring the necessary equipment to completely outfit these ships as evidenced in FY-86 appropriation language:

> "AN-SQR-18A Tactical Towed-Array Sonar (TACTAS)
>
> The Navy presently has ships of the FF-1052 and FFG-7 classes configured to be LAMPS MK I capable. Being a reactive system, the LAMPS MK I depends on the AN/SQR-18A Tactical Towed-Array Sonar (TACTAS) to make the initial submarine detection. Navy planning has thus included yearly procurement of the TACTAS to provide this vital capability to these classes of ships. The Committee has given its wholehearted support to this program in the past, is doing so currently, and expects to do so in the future. The Committee therefore recommends that the Navy continue to plan for a continuing orderly procurement of the AN/SQR-18A in the out-years. This action will ensure that when ships of these two classes migrate to the Naval Reserve force, they will be capable of performing their ASW escort role as required."

A review of the Reserve 1052/FFG-7 TACTAS installation schedule reveals that in FY-87 only two (2) Reserve frigates will be equipped with towed-array sensor

SYSTEMS. THIS FIGURE INCREASES GRADUALLY UNTIL BY FY-90, FOUR (4) 1052S AND SEVEN (7) FFG-7S WILL HAVE RECEIVED THIS CRITICAL ASW SENSOR SYSTEM.

IT IS, THEREFORE, APPARENT THAT WHILE PROGRESS IS BEING MADE, IT IS IMPORTANT TO NOTE THAT EVEN IN FY-90, OVER 50% OF THE RESERVE FORCE FRIGATES WILL NOT HAVE ANY TOWED-ARRAY SYSTEM INSTALLED.

ONCE AGAIN, AN ESSENTIAL RESERVE FORCE MODERNIZATION PROGRAM REQUIRING CONTINUOUS FUNDING ENTERS ITS MOST CRITICAL FUNDING PERIOD COINCIDENTALLY WITH THE MOST DIFFICULT YEARS OF GRAMM-RUDMAN-HOLLINGS.

RECOMMENDATION

NRA STRONGLY ENDORSES THE CONTINUED PROCUREMENT OF TOWED-ARRAY SENSOR SYSTEMS FOR NRF SHIPS.

SH-2 LAMPS MK I PROCUREMENT AND IMPROVEMENT PROGRAM

THE PRIME MISSION FOR THE NRF SHIPS IS ASW CONVOY ESCORT. THE ASSIGNMENT OF EIGHT (8) 1052S AND 18 FFG-7S TO THE NAVAL RESERVE HAS PROVIDED A MODERN, CAPABLE AND EFFECTIVE WEAPON SYSTEM TO SATISFY THIS IMPORTANT TASKING.

THE HISTORICAL LOGISTICAL LESSONS OF WORLD WAR II WERE REINFORCED IN THE FAULKLANDS OPERATION.

IT IS OBVIOUS THAT EVEN TODAY, MASSIVE SEALIFT WOULD BE REQUIRED TO PROJECT AND SUSTAIN THE NECESSARY COMBAT AND SUPPORT FORCES. CURRENT PLANNING INDICATES ALMOST 95% OF THE DRY CARGO AND 99% OF THE FUEL WOULD HAVE TO MOVE BY SEA.

IT IS WELL TO REMEMBER THAT MORE THAN 300 MODERN, FAST AND QUIET SOVIET SUBMARINES WILL OPPOSE THIS EFFORT. THE EFFECT JUST 50 GERMAN SUBMARINES HAD ON

ALLIED SHIPPING IN 1942, WHEN OVER 1,600 ALLIED SHIPS WERE LOST, SHOULD ETCH IN OUR MINDS THE FORMIDABLE TASK FACING OUR ASW FORCES TODAY.

EXPERT CONSENSUS INDICATES A SHORTAGE OF APPROXIMATELY 100 ASW SURFACE ESCORTS EXISTS TODAY. THE NAVAL RESERVE ASSOCIATION BELIEVES THAT IN LIGHT OF SUCH OVERWHELMING EVIDENCE, EVERY EFFORT MUST BE MADE TO IMPROVE THE COMBAT EFFECTIVENESS OF OUR EXISTING ASW ASSETS.

AS PREVIOUSLY DISCUSSED, THE INSTALLATION OF THE TOWED-ARRAY SENSOR SYSTEM IS A VITAL AND CRITICAL ELEMENT.

WE NOW DIRECT YOUR ATTENTION TO THE OTHER ELEMENT THAT OFFERS SIGNIFICANT POTENTIAL FOR VAST INCREASES IN ASW EFFECTIVENESS, NAMELY THE SH-2 LAMPS MK I HELICOPTER.

CAPTAIN R.H. SMITH, USN (RET), A NOTED ASW EXPERT, MOST APTLY DESCRIBED THE IMPORTANCE OF THE SH-2 LAMPS MK I HELICOPTER TO THE ASW MISSION WHEN HE STATED IN A RECENT ARTICLE (NRA NEWS MARCH '86):

> "TO BEGIN WITH, THE HELICOPTER ON THE SURFACE SHIP REPRESENTS A VERY FINITE, AND OFTEN UNIQUE, ASSET. ITS VERY EXISTENCE, DUE TO THE STRONG EXTENT TO WHICH ITS CAPABILITIES EXERT SUCH DISPROPORTIONATE AMPLIFICATION OF THE ENTIRE WARSHIP'S CAPABILITIES, CONFERS UPON IT EXTRAORDINARY LEVERAGE OVER THE ENTIRE TEAM OF WARSHIP AND HELICOPTER. IN THE TEAM THERE IS SCANT POSSIBILITY OF THAT ALWAYS VERY DESIRABLE MILITARY ATTRIBUTE: GRACEFUL DEGRADATION. LET THE HELICOPTER SUDDENLY BECOME UNAVAILABLE, THEN THE CAPABILITY OF THAT WARSHIP IN MOST OF ITS MISSIONS WILL NOT SIMPLY DECREASE BY SOME MODEST DEGREE. IT CAN DROP PRECIPITOUSLY, FROM EXCELLENT TO ZERO! THUS, SUCH ATTRIBUTES AS SAFETY, RELIABILITY AND HELICOPTER AVAILABILITY ASSUME TREMENDOUS IMPORTANCE."

THE NAVAL RESERVE ASSOCIATION FULLY AGREES WITH THIS ASSESSMENT.

THE SH-2 LAMPS MK I HELICOPTER, IN THE VIEW OF NRA, IS NOT ONLY A MOST ESSENTIAL PART OF THIS ASW TEAM, BUT ALSO OFFERS THE MOST COST-EFFECTIVE AVENUE FOR SIGNIFICANT INCREASES IN CAPABILITY AT MARGINAL INCREASES IN COST.

The FFG-7 class frigates have been designed to accommodate two (2) SH-2 LAMPS MK I helicopters. Current Navy planning will only provide one (1) helicopter per ship. The Naval Reserve Association disagrees with this approach as does Captain Smith when he states:

> "The value, indeed the indispensability, of the second LAMPS MK I on the Reserve FFG-7's is not, per se, in dispute. The problem is one of funding and choice. And yet few choices we make today could be more shortsighted than to deny the FFG-7's of the Reserves a second LAMPS MK I helicopter. At bottom, the driving reason for this statement is simply the tremendous shortage, both current and forecast, of available escort strength to oppose the onslaught of any major submarine campaign such as the Soviets could mount against the shipping of the U.S. and its allies. The extent of that shortage can be read in the experience of winning World War II, where the escort forces of the Allies came to be numbered in the thousands. That our escorts are much more capable today is uncontested. But so is the submarine threat, and any of the oft-heard consolations expressed that 'technology' will compensate for our lack of numbers is whistling in the dark. The truth is that each of the escorts that we will be able to hurl into the battle is a precious resource, and it is therefore imperative that we maximize the capability of each and every one. That is why each FFG-7 must have its full complement of two (2) LAMPS MK I. It is not a luxury, not something in the category of 'nice-to-have', nor does it belong to any other of the comparatively pale reasons by which analysts sometimes indulge themselves. It is simply an urgent operational requirement.
>
> "Let us consider for a moment what instinct tells us that a second LAMPS MK I confers, and what analysis confirms quantitatively. The advantages are so numerous that we must save space by tight synopsis.
>
> "o Dual LAMPS provides a 30% increased probability of contact prosecution.
>
> "o Continuous on station tracking capability (one LAMPS MK I can spell the other).
>
> "o The great advantages of dual helicopter prosecution capability (it can convert a marginal active tracking capability with a LAMPS MK I to that remarkably improved capability wherein two helicopters, coordinating, can almost be assured of keeping at least one dipping sonar ball in the water at all time).
>
> "o The ability to prosecute multiple contacts simultaneously.
>
> "o Attack capability out to the second CZ (normally about sixty (60) miles).
>
> "o A 50% improved Over the Horizon (OTH) target capability.

"o A DOUBLING OF SEARCH AREA.

"o ...THE LIST COULD GO ON AND ON."

THESE ASSESSMENTS OF ENHANCED CAPABILITY HAVE BEEN PROVEN ACCURATE IN A MOST DRAMATIC FASHION. RECENT OPERATIONS IN THE MEDITERRANEAN HAVE SHOWN THE EFFECTIVENESS OF THE DUAL LAMPS MK I HELICOPTERS DEPLOYMENT PROFILE. WHEN DEPLOYED ABOARD USS YORKTOWN (CG-48), TWO (2) SH-2 LAMPS MK I HELICOPTERS FLEW OVER 250 HOURS IN LESS THAN 30 DAYS, AND DURING ONE 72-HOUR PERIOD, THE SHIP WAS ABLE TO KEEP ONE (1) HELICOPTER AIRBORNE CONTINUOUSLY. IN THE FINAL ANALYSIS, ENDURANCE IS EQUALLY AS IMPORTANT IN SUCCESSFUL ASW OPERATIONS AS PLATFORM CAPABILITY. THE ABILITY TO STAY ON TOP OF A CONTACT, RELIEVE ON STATION, IS THE NAME OF THE GAME. THAT THE DUAL LAMPS MK I CONFIGURATION PROVIDES THIS OVERWHELMING CAPABILITY WAS FULLY DEMONSTRATED ABOARD YORKTOWN.

IN THE ERA OF GRAMM-RUDMAN-HOLLINGS, THE COST-EFFECTIVENESS OF PROPOSALS MUST BE ADDRESSED. THE NAVAL RESERVE ASSOCIATION BELIEVES PROCUREMENT OF THE SECOND LAMPS MK I HELICOPTER FOR RESERVE FFG-7S IS THE MOST ECONOMICAL SOLUTION TO THE ESCORT SHORTFALL PROBLEM AS DOES CAPTAIN SMITH WHEN HE STATES:

> "HOWEVER, THE FOREGOING SUMMARY OF THE VIRTUE OF DUAL LAMPS ONLY EXPRESSES TO A SMALL DEGREE THE OVERWHELMING CASE FOR ITS INCORPORATION IN THE RESERVE FFG-7'S. IN TERMS OF COST-EFFECTIVENESS, IT CRIES OUT TO BE DONE. WHEN WE CONSIDER THE OVERALL WEAPON SYSTEM THAT THE FFG-7 CONSTITUTES, IT IS MOST APPARENT HOW A MARGINAL INCREASE IN EXPENSE TO OBTAIN THE SECOND LAMPS MK I WILL CONFER EXTRAORDINARY GAINS IN OVERALL EFFECTIVENESS. WITHOUT INUNDATING THE READER WITH STATISTICS, A VERY FEW NUMBERS WILL SUFFICE.
>
> "o THE COST OF TODAY'S FFG-7 IS ABOUT $400 MILLION DOLLARS.
>
> "o THE COST OF A LAMPS MK I IS LESS THAN $10 MILLION DOLLARS.
>
> "o THE YEARLY O&S COSTS OF A LAMPS MK I ARE ABOUT $.5 MILLION AND FOR THE FFG-7 ARE ABOUT $12 MILLION.
>
> "WORKING OUT THE SIMPLE ARITHMETIC, IT RESULTS THAT FOR A BARE THREE (3%) PERCENT INCREASE IN INITIAL INVESTMENT AND ANNUAL O&S COSTS, THE NAVY CAN OBTAIN THE MANIFOLD ADVANTAGES OF THE DUAL LAMPS. LOOKING AT

> IT IN ANOTHER WAY, THE COST OF ALL DUAL LAMPS IS NO MORE THAN THE VALUE OF ONE SINGLE MERCHANTMAN WHOSE SAFE TRANSIT THE EXISTENCE OF AN ADDITIONAL LAMPS MK I MIGHT ASSURE!
>
> "THERE ARE FEW INSTANCES, INDEED, THAT CAN BE FOUND IN THE ENTIRE REALM OF DEFENSE THAT POINT THE WAY SO UNEQUIVOCALLY TO GIANT GAINS IN WEAPONS SYSTEMS EFFECTIVENESS WITH SUCH MARGINAL ADDITIONAL EXPENDITURE OF DOLLARS."

THE SECOND AREA OF DISCUSSION CONCERNING SH-2 THAT OFFERS MAXIMUM RETURN FOR THE DEFENSE DOLLAR IS DEVOTED TO THE SH-2 CAPABILITY IMPROVEMENT PROGRAM. IN TIMES OF TIGHT BUDGETS, THE NAVAL RESERVE ASSOCIATION FEELS THAT THE NECESSITY TO FULLY EXPLOIT EXISTING PLATFORM CAPABILITY BY UPGRADING PERFORMANCE, RELIABILITY AND COMBAT CAPABILITY AS AN ALTERNATIVE TO A WHOLE NEW WEAPON SYSTEM DEVELOPMENT IS SELF-EVIDENT.

A CAPABILITY-UPDATE PROGRAM ALREADY EXISTS FOR THE SH-2. INCLUDED IN THIS PROGRAM IS INCORPORATION OF THE T-700 ENGINE AND MULTI-MISSION MODULAR KITS.

THESE KITS WILL PROVIDE AN ASW SUITE THAT INCLUDES RADAR, FLIR, TWO (2) MK-50 TORPEDOES, SONOBOUYS AND SONOBOUY LAUNCHER, ON-BOARD ACOUSTIC PROCESSOR, SECURE DATA LINK AND, PERHAPS MOST IMPORTANTLY, AN ACTIVE DIPPING SONAR. THESE IMPROVEMENTS ENSURE AN ASW CAPABILITY TO COPE WITH ADVANCED SOVIET SUBMARINE TECHNOLOGY AND, WHEN COMBINED WITH A DECK LOAD OF TWO (2) AIRCRAFT PER RESERVE FRIGATE, PROVIDE IMMENSE IMPROVEMENT IN CAPABILITY AT MINIMUM COST.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY ENDORSES THE CONTINUED PROCUREMENT OF SH-2 LAMPS MK I HELICOPTERS SO AS TO PROVIDE TWO (2) SH-2S FOR EACH RESERVE FORCE FFG-7S. EIGHTEEN (18) ADDITIONAL AIRCRAFT ARE REQUIRED.

ADDITIONALLY, NRA REQUESTS EXPEDITIOUS FUNDING TO INITIATE THE SH-2 WEAPON SYSTEM IMPROVEMENT PROGRAM FOR ALL CURRENT SH-2 AIRCRAFT.

MINE WARFARE MCM/MSH/COOP

MINE WARFARE, OFTEN NEGLECTED, NEVER PUBLICIZED, POSES A SIGNIFICANT THREAT TO THE SUCCESSFUL PROSECUTION OF OUR MARITIME STRATEGY.

RECENT EVENTS, SUCH AS THE MINING OF THE SUEZ CANAL, SERVE TO REMIND US NOT ONLY OF THE COMPLEXITY OF THE CURRENT INVENTORY OF SOVIET MINES, BUT ALSO OF THE TREMENDOUS EFFORT NECESSARY TO CLEAR A GIVEN AREA OF PLANTED MINES.

A REVIEW OF THE MINE WARFARE INDICATES A SERIOUS GAP EXISTING BETWEEN OUR DEFENSIVE CAPABILITIES AND THE SOVIET OFFENSIVE CAPABILITIES.

THE FOLLOWING FACTORS HIGHLIGHT THE SCOPE OF THIS SIGNIFICANT THREAT:

- EXPERTS ESTIMATE CURRENT SOVIET INVENTORY OF MINES AS IMMENSE, TOTALING MORE THAN ALL THE MINES DEPLOYED IN THE SECOND WORLD WAR.
- RECENT EXPERIENCE IN THE SUEZ CANAL INDICATES THE SOVIET MINE INVENTORY INCLUDES NEW-GENERATION, EXTREMELY SOPHISTICATED MINES BOTH DIFFICULT TO DETECT AND NEUTRALIZE AND EXTREMELY LETHAL.
- TO COUNTER THIS THREAT, NATO CAN MUSTER BARELY 300 MINESWEEPERS AS COMPARED TO THE 1,500 AVAILABLE IN WWII.
- THE CURRENT U.S. NAVY MINE FORCE IS 21 SHIPS OF KOREAN WAR VINTAGE.

THE CURRENT NAVY PLAN CALLS FOR PRODUCTION OF TWO (2) CLASSES OF MINE WARFARE SHIPS -- THE MCM OF WHICH 14 WILL BE PROCURED, AND THE MSH OF WHICH 17 WILL BE PROCURED. ALL OF THESE SHIPS ARE TO BE TRANSFERRED TO THE NAVAL RESERVE AFTER ONE (1) YEAR WITH THE FLEET.

THE FIRST THREE (3) MCMs WILL ENTER RESERVE SERVICE IN 1988. THE FIRST MSH IS SCHEDULED TO ENTER RESERVE SERVICE IN FY-89.

THE NAVAL RESERVE ASSOCIATION SUPPORTS FULL DEVELOPMENT OF THE CRAFT OF OPPORTUNITY (COOP) PROGRAM AS A VITAL ADJUNCT TO THE MINE WARFARE MODERNIZATION PROGRAM.

THE EXPERIENCE GAINED THUS FAR IN THIS PROGRAM HAS RESULTED IN SOME REFINEMENT OF THE ORIGINAL PROGRAM CONCEPT IN THAT THE CONVERSION OF SEIZED DRUG BOATS HAS NOT PROVEN TO BE ECONOMICALLY FEASIBLE. THE ONGOING DEVELOPMENT PROGRAM WILL SEE FIVE (5) ADDITIONAL COOP UNITS ESTABLISHED IN FY-87 AND CONTINUING DEVELOPMENTAL EFFORTS AIMED AT DEFINING MORE PRECISELY UNIQUE EQUIPMENT REQUIREMENTS FOR THIS IMPORTANT MISSION.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY SUPPORTS CONTINUED CONGRESSIONAL INTEREST AND FUNDING SUPPORT FOR BOTH OF THESE IMPORTANT PROGRAMS.

RESERVE TACTICAL AIR WINGS

THE MODERNIZATION OF THE RESERVE TACTICAL AIR WINGS IS CONTINUING AT AN ACCELERATED PACE. THE COMBINATION OF SECRETARY OF THE NAVY'S POLICY OF HORIZONTAL INTEGRATION COMBINED WITH STRONG CONGRESSIONAL SUPPORT, AS EVIDENCED BY BUDGET ADD-ONS TO PROVIDE F-14 MODERNIZATION AND EXPANDED PROCUREMENT OF MODERN AIRCRAFT SUCH AS THE A-6E, WILL PRODUCE AN INVENTORY OF ASSIGNED AIRCRAFT RAPIDLY MEETING THE GOAL OF FULL DEPLOYABILITY.

CONTINUED CONGRESSIONAL SUPPORT IS REQUIRED FOR FY-87 AND SUBSEQUENT A-6 AIRCRAFT PROCUREMENT AS AN ADJUNCT TO THE A-6 ISSUE SUFFICIENT KA-6 TANKERS MUST

BE AVAILABLE TO REPLACE THE AGING KA-3 TANKERS CURRENTLY UTILIZED FOR THIS VITAL TACAIR MISSION. THE SERVICE LIFE OF THE KA-3S EXPIRES IN 1990.

FY-87 WILL SEE THE TRANSITION OF THE SECOND RESERVE VA SQUADRON TO THE F/A-18 AIRCRAFT WITH THE REMAINING TWO (2) A-7 SQUADRONS SCHEDULED TO RECEIVE F/A-18S IN THE FY-89 THROUGH FY-90 TIME PERIOD.

A REVIEW OF CURRENT PLANNING INDICATES THAT BY FY-90 BOTH RESERVE TACAIR AIR WINGS WILL BE ESSENTIALLY IDENTICAL TO THEIR ACTIVE FORCE COUNTERPARTS WITH THE FOLLOWING EXCEPTIONS:

- ONE (1) SQUADRON OF EA-6AS WILL REMAIN WITH NO REPLACEMENT SCHEDULED THROUGH FY-92,
- TWO (2) SQUADRONS OF SH-3D/H ANTI-SUBMARINE HELICOPTERS WILL REMAIN WITH NO SCHEDULED REPLACEMENT, AND
- NO S-3A/B AIRCRAFT ARE AVAILABLE FOR RESERVE WING ASSIGNMENT.

THE NAVAL RESERVE ASSOCIATION IS PLEASED WITH THE MODERNIZATION EFFORTS THUS FAR ACHIEVED BUT AGAIN, THE JOB IS LESS THAN HALF COMPLETED AND CONTINUED SUPPORT BY BOTH DOD AND CONGRESS IN THIS GRAMM-RUDMAN-HOLLINGS ENVIRONMENT WILL BE NECESSARY TO ACHIEVE OUR 10-YEAR MODERNIZATION GOALS.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION URGES SUPPORT FOR NAVY TACAIR PROCUREMENT REQUESTS AND PARTICULARLY FOR CONTINUATION OF PROCUREMENT EFFORTS DESIGNED TO CONTINUE RESERVE TACAIR MODERNIZATION OBJECTIVES.

COMBAT SEARCH AND RESCUE (CSAR)

SINCE FY-85, THE NAVAL RESERVE ASSOCIATION HAS PROPOSED ACTIONS INTENDED TO ALLEVIATE THE SERIOUS DEFICIENCIES IN THE NAVY'S COMBAT SEARCH AND RESCUE (CSAR) AND SPECIAL WARFARE SUPPORT CAPABILITY.

CONGRESSIONAL SUPPORT HAS BEEN BOTH QUICK AND OUTSTANDING WITH $12M ADDED TO THE NAVY PROCUREMENT BUDGET IN FY-85 AND ANOTHER $25M ADDED IN FY-86.

TO DATE, NO AIRCRAFT HAVE BEEN PROCURED AND THE FY-87 BUDGET CONTAINS NO FUNDING REQUEST FOR CSAR. IN LIGHT OF THIS DEVELOPMENT, A QUICK REVIEW IS NECESSARY.

THE NAVAL RESERVE FORCE STRUCTURE, WHICH SUPPORTS THESE MISSIONS, CONSISTS OF ONE (1) HC SQUADRON EQUIPPED WITH HH-3A AIRCRAFT WITH COMBAT SEARCH AND RESCUE AS A PRIME MISSION.

TWO (2) OTHER SQUADRONS (HAL-4 AND HAL-5) EQUIPPED WITH HH-1K GUNSHIP HELICOPTERS ESSENTIALLY SUPPORT THE SPECIAL WARFARE MISSION. THE GENESIS OF THESE LATTER TWO SQUADRONS WAS THE "BROWN WATER" FORCES OF THE VIETNAM WAR.

THE OPERATIONAL INADEQUACIES OF BOTH THE HH-3A AND HH-1K AIRCRAFT HAVE LONG BEEN RECOGNIZED. NAVY PLANS WERE TO REPLACE THESE AIRCRAFT WITH TILT-WING V-22S. THIS SOLUTION WOULD NOT PROVIDE NEW AIRCRAFT FOR THIS IMPORTANT MISSION UNTIL THE LATE 90S, HOWEVER, THE NAVAL RESERVE ASSOCIATION TOOK EXCEPTION TO THIS APPROACH AND PROPOSED THAT IN VIEW OF THE CRITICAL NEED FOR IMMEDIATE IMPROVEMENT IN COMBAT SURVIVABILITY AND CAPABILITY, A LOW-COST OFF-THE-SHELF PROCUREMENT OF UH-60 BLACKHAWKS WOULD BE A BETTER AND MUCH MORE COST-EFFECTIVE INITIATIVE. CONGRESS AGREED AND PROVIDED THE PROCUREMENT FUNDING DISCUSSED EARLIER.

Several actions occurred within Navy in the FY-85 through FY-86 time-frame which resulted in the following program changes:

- Force level reorganization combined both CSAR and Special Warfare support missions, and formed two (2) multi-mission squadrons in place of the current (1)HC/(2)HAL squadron mix.
- An evaluation of the capabilities of the UH-60 Blackhawk helicopter was conducted which stated that the UH-60 was unacceptable since it could not be launched from all Navy ships due to the tail wheel aft design, was not equipped with unique Navy equipment (rotor brake), and was not suitable for operations in the harsh salt water maritime environment.
- As a result of these events, the Navy directed that procurement of UH-60s not be accomplished and that competitive bids be solicited for this unique Navy aircraft.
- The RFP is currently scheduled to be issued in February/March of 1986 with an initial operating capability target of late FY-88 or early FY-89.

The Naval Reserve Association must again voice its concern about this issue.

Primarily, despite the availability of funding in 1985, the squadrons will receive no new equipment until FY-89 and all the current assets will not be replaced until the early 90s. NRA believes that this is too long to wait.

Secondly, combining both missions into two (2) squadrons of nine (9) aircraft each essentially deactivates one (1) squadron and decreases force capability by eliminating six (6) aircraft from the force levels. The Naval

Reserve Association points to the growth of 15 carrier battle groups and the increased emphasis on Special Warfare force support, indicating that such a decrease in capability is ill-advised.

Thirdly, the rejection of the UH-60, an aircraft designed to withstand the increased stress of operations in hostile fire landing zone environment (so as to accommodate a ship compatibility problem on fewer than 5% of the ships), needs to be reexamined. NRA believes the Special Warfare support mission may sacrifice too much capability utilizing a tail wheel forward designed helicopter which is inherently less rugged. Additionally, NRA believes out-year upgrades in armament and hostile fire survivability would be more economical for the Navy if the Navy aircraft was the same as that used by the Army.

Recommendation

The Naval Reserve Association recommends the current CSAR plan be reexamined and supports a force structure comprised of two (2) CSAR squadrons equipped with an aircraft primarily designed to meet this mission requirement.

Secondly, the Special Warfare support mission should remain in HAL-4 and HAL-5, and these squadrons should be equipped with a helicopter primarily designed to survive and fight in the hostile fire land environment.

ARAPAHO

The almost 20-year odyssey of the ARAPAHO system continues.

First briefed to the Naval Air Reserve staff in the late 60s under the title of Reserve Merchant Ship Defense System (RMDS), the concept was recognized as both an innovative and cost-effective method of augmenting the maritime

WARFIGHTING CAPABILITIES BY ENABLING NON-COMBATANT SHIPS TO BE PROVIDED WITH SIGNIFICANT CAPABILITY AT SMALL COST TO THE NAVY.

THIS FEATURE WAS AND IS PARTICULARLY ATTRACTIVE IN MISSION AREAS THAT ONLY BECOME CRITICAL IN TIME OF ACTIVE HOSTILITIES SINCE LARGE CAPITAL INVESTMENTS IN PROTECTIVE SHIPS CAN BE REDUCED WHILE CAPABILITY CAN BE RAPIDLY EXPANDED TO MEET WARTIME REQUIREMENTS.

THE SYSTEM, WHILE CONCEPTUALLY SOUND, MET WITH LESS THAN ENTHUSIASTIC SUPPORT WITHIN NAVY CIRCLES.

DUE LARGELY TO CONGRESSIONAL SUPPORT, AFTER NUMEROUS STARTS AND STOPS, A BARE-BONES PROTYPE FINALLY SUCCESSFULLY PASSED AT SEA TRIALS.

HAVING FULFILLED THE LETTER OF CONGRESSIONAL DIRECTION, THE SYSTEM WAS THEN PUT IN STORAGE, SOME WOULD SAY, IN HOPES THAT IT WOULD GO AWAY.

THE ROYAL NAVY, HOWEVER, HAD ALWAYS BEEN INTERESTED IN THE PROJECT AND, WHEN THE FAULKLAND'S CAMPAIGN DEMONSTRATED THE REQUIREMENT FOR RAPID BUILD-UP OF WARFIGHTING CAPABILITY, THEY QUICKLY ACQUIRED THE ARAPAHO ON A LEASE BASIS, AND USING IT AS A CORE, INSTALLED AN EXPANDED ARAPAHO FACILITY ON RFA RELIANT.

THE BRITISH ARE CONSTRUCTING THEIR OWN VERSION OF ARAPAHO AND, CONSEQUENTLY, PLAN TO RETURN THE ARAPAHO TO NAVY CUSTODY THIS FALL.

FORTUNATELY, NAVY THINKING HAS CHANGED RELATIVE TO THE ARAPAHO CONCEPT.

SPURRED BY THE EXPERIENCE GAINED IN THE EXTENDED MINESWEEPING EFFORTS IN THE SUEZ CANAL, WHEREIN A DEDICATED AMPHIBIOUS WARFARE SHIP HAD TO BE DIVERTED TO PROVIDE HOST SHIP FUNCTIONS FOR THAT EFFORT, THE NAVY IS SERIOUSLY CONSIDERING PROCURING TWO (2) ARAPAHO FACILITIES (NOW CALLED MOBILE SEA VAN COMPLEX) TO

SUPPORT MINE WARFARE OPERATIONS INCLUDING THE NEWLY ESTABLISHED RESERVE MINE WARFARE SQUADRON (AMCM). CURRENT PLANS CALL FOR TWO (2) SUCH COMPLEXES.

RECOMMENDATION

THE NAVAL RESERVE FULLY SUPPORTS THE FURTHER DEVELOPMENT OF THE ARAPAHO CONCEPT AND SOLICITS CONTINUED CONGRESSIONAL SUPPORT IN THIS AREA.

SINCE PROVISIONS TO PERFORM THE MCM MISSION WERE NOT INCLUDED IN THE ORIGINAL ARAPAHO DESIGN, ADDITIONAL FUNDING WILL BE REQUIRED IN FY-87 TO ACCOMPLISH THE NECESSARY MODIFICATIONS.

MILITARY CONSTRUCTION NAVAL RESERVE

THE POSTURE OF THE NAVAL RESERVE BASE INFRASTRUCTURE HAS ASSUMED INCREASING IMPORTANCE IN RECENT YEARS AS MORE MISSIONS HAVE BEEN ASSIGNED TO THE NAVAL RESERVE. THIS INCREASED ROLE IN OUR NATIONAL DEFENSE POSTURE HAS NOT ONLY RESULTED IN PURE NUMERICAL GROWTH IN DRILLING RESERVE NUMBERS, BUT ALSO HAS BEEN ACCOMPANIED BY A MOST WELCOME INFLUX OF MODERN HARDWARE.

THE SECRETARY OF THE NAVY'S POLICY OF "HORIZONTAL INTEGRATION" HAS BEGUN TO EQUIP THE NAVAL RESERVE WITH THE COMPLEX, HIGHLY CAPABLE WEAPON SYSTEMS CURRENTLY BEING PROVIDED TO THE FLEET.

IN FY-87, NAVAL RESERVE NUMBERS WILL INCREASE BY 9,000 DRILLING RESERVISTS AND 4,000 ACTIVE MILITARY SUPPORT PERSONNEL. FORCE EQUIPMENT MODERNIZATION WILL ALSO CONTINUE WITH THE INTRODUCTION OF F-14, F/A-18, RH-53 AND A-7E AIRCRAFT, AND SH-2 LAMPS I HELOS, WHILE ON THE SURFACE SIDE, THREE (3) MORE FFG-7 AND ONE (1) 1052 CLASS FRIGATES WILL BE ADDED TO THE FORCE.

These increases in both size and complexity have generated increased requirements in Military Construction Naval Reserve (MCNR) funding.

The FY-87 funding request of $44.5M reflects some of the most pressing requirements generated by force modernization and size increase.

While the Naval Reserve Association fully supports this budget request, there remain serious concerns about the adequacy of the proposed program.

The MCNR appropriation (which also supports Marine Reserve requirements) has averaged less than $40M per year over the last five (5) years. It is no wonder that the combination of a static level $40M and a simultaneous significant growth in both force size and complexity have resulted in more than doubling the construction backlog from $290M in FY-82 to $732M in FY-87.

The modernization of many of our WW-II era facilities, long delayed, simply MUST be upgraded to handle the sophisticated maintenance and support requirements of the new generation of aircraft and ships assigned to the Naval Reserve. In many cases, these support requirements cannot be met by alteration of 20-30 year old structures due to inherent deficiencies in electrical capacity, climatic control and, in some cases, structural limitations.

The outyear MCNR funding profile attempts to address these shortfalls by gradual increased MCNR funding over the period to a level of $91.2M in FY-91. It should be noted that even this increased level of MCNR funding totaling $350M over the five (5) year span will leave a MCNR backlog of some $380M which is some $90M more than the backlog which existed in FY-82.

PEOPLE PROGRAMS

THE SUPPORTIVE BASE STRUCTURE NECESSARY TO FULFILL THE MANPOWER REQUIREMENTS OF THE NAVAL RESERVE IS PREDOMINATELY LOCATED NEAR OR IN LARGE METROPOLITAN CENTERS. FOR EXAMPLE, THE NAVAL RESERVE OPERATES RESERVE AIR STATIONS IN THE VICINITY OF BOSTON, PHILADELPHIA, CHICAGO, DALLAS AND NEW ORLEANS. ALL OF THESE AIR STATIONS HAD THEIR ORIGIN IN THE 1940S AND 1950S. MANY STRUCTURES OF WWII WOODEN CONSTRUCTION ASSOCIATED WITH AIRCRAFT MAINTENANCE AND SUPPORT HAVE BEEN REPLACED OVER THE YEARS. HOWEVER, THE WOEFULLY CONSTRAINED RESERVE MILITARY CONSTRUCTION BUDGETS HAVE PRECLUDED THE MODERNIZATION OF THOSE STRUCTURES DEDICATED TO HABITABILITY, I.E., BACHELOR ENLISTED QUARTERS (BEQS), BACHELOR OFFICER QUARTERS (BOQS) AND FAMILY HOUSING FROM BEING REPLACED AND/OR CONSTRUCTED IN QUANTITIES SUFFICIENT TO MEET RESERVE FORCE REQUIREMENTS.

NAVAL RESERVE ACTIVE DUTY SUPPORT PERSONNEL ARE FULL-TIME SAILORS AND ARE MANAGED IDENTICALLY TO THEIR ACTIVE NAVY COUNTERPARTS. OF NECESSITY, THEY ARE RELOCATED FREQUENTLY TO MEET THE NEEDS OF THE RESERVE PROGRAM.

UNFORTUNATELY, THIS REQUIREMENT RESULTS IN A SERIES OF CAREER MOVES FROM ONE EXPENSIVE METROPOLITAN AREA TO ANOTHER. AND, FROM ONE BASE TO ANOTHER WHERE FAMILY HOUSING IS NOT AVAILABLE. THE HIGH PRICE OF CIVILIAN HOUSING, COMBINED WITH A LOW PAY SCALE THAT PREVENTS MORTGAGE QUALIFICATION HAS RESULTED IN INCREASING NUMBERS OF OUR MARRIED ENLISTED PERSONNEL BECOMING "GEOGRAPHIC BACHELORS", FORCED TO SERVE SEPARATED FROM THEIR FAMILIES DUE TO THE LACK OF FAMILY HOUSING.

UNFORTUNATELY, INCREASES IN FAMILY HOUSING ALLOWANCES (VHA) HAVE NOT HELPED ALLEVIATE THIS PROBLEM, AS THE CIVILIAN MARKET PLACE IS QUICK TO REACT TO THESE INCREASES AND QUITE SIMPLY OFFERS THE SAME SUB-STANDARD HOUSING AT INFLATED PRICES.

FOR FEMALE ENLISTED PERSONNEL ORDERED TO ACTIVE DUTY RESERVE PROGRAM BILLETS, SOME OF WHOM ARE HEADS OF SINGLE PARENT FAMILIES, THE LACK OF FAMILY HOUSING AND CHILD-CARE CENTERS IS A PARTICULARLY DIFFICULT HARDSHIP.

THE LACK OF ADEQUATE BEQ IS A SERIOUS IMPEDIMENT TO READINESS AND STABILITY IN THE RESERVE FORCE.

THE NAVAL RESERVE IS ABOVE ALL A VOLUNTEER FORCE OF PEOPLE WHO HAVE COMPLETED THEIR ACTIVE DUTY OBLIGATION AND DESIRE TO CONTINUE MILITARY SERVICE TO THEIR NAVY AS DRILLING RESERVISTS.

THE LEVEL OF EXPERTISE AND THE CAPITAL INVESTMENT THE NAVY HAS IN THESE TRAINED INDIVIDUALS IS INCREDIBLE. THE NAVAL RESERVE ASSOCIATION BELIEVES THAT MUCH NEEDS TO BE DONE TO INCREASE THE RETENTION OF THESE VETERANS. ADEQUATE BERTHING IS ONE OF THE CORNERSTONES OF SUCCESSFUL RETENTION AND SHOULD BE AVAILABLE FOR EVERY RESERVIST IN DRILL PAY STATUS.

THE NRA BELIEVES IT IS PENNY WISE AND POUND FOOLISH TO LOSE TRAINED DRILLING RESERVE VETERANS BECAUSE HE OR SHE MUST BE BILLETED IN AN OPEN-BAY, WOODEN, WORLD WAR II VINTAGE BARRACKS.

THE REQUIREMENT TO BUILD HANGARS, MAINTENANCE FACILITIES, ETC. TO ACCOMMODATE NEW WEAPON SYSTEMS (F-14, C-9, FFG-7) IN THE RESERVE PROGRAM HAS ABSORBED MOST OF THE AVAILABLE MCNR AND MOST HABITABILITY PROJECTS HAD TO BE DEFERRED.

As a case in point, the FY-85 budget provided no funds for BEQ construction, only one (1) BEQ was requested in FY-86 and no BEQ/BOQ projects have been requested in FY-87.

Habitability Planning Criteria

The emergence of Reserve forces over the past several years as a significant contributor to the national defense has placed additional pressure on the attainment of the highest achievable level of readiness and combat capability. Modern complex weapon systems have been introduced to accomplish these goals. Additionally, as Reserve Force capabilities have increased, their participation in operational tasking has grown appreciably.

These factors have necessitated Reservists to spend many more hours at their Reserve jobs in maintenance and operational duty than ever before. The old syndrome of four (4) hours in a classroom and then home, is no longer true. The existing habitability criteria for planning and justifying both BOQ and BEQ structures has, unfortunately, lagged behind the modern Reserve Force concept. In essence, the planning criteria is slewed toward reducing, to the lowest number, the amount of billeting for Reservists.

The Naval Reserve Association believes this philosophy should be reexamined as follows:

- Specifically, rather than utilizing peacetime drill numbers, post mobilization billeting requirements should be used.
- Readiness, training and operational requirements should determine BEQ and BOQ size and not, as is the case now, only how far away from the drill site the Reservist lives.

- ALL RESERVE COMPONENTS SHOULD UTILIZE THE SAME PLANNING CRITERIA AND IN THOSE CASES WHERE ONE SERVICE IS THE HOST/LANDLORD FOR OTHER RESERVE COMPONENTS, THAT SERVICE SHOULD, AS AGENT, INCLUDE THE TENANT REQUIREMENTS IN PLANNING AND CONSTRUCTION.

THE NAVAL RESERVE ASSOCIATION BELIEVES A RESERVIST WHO FLIES UNTIL MIDNIGHT AND MUST MUSTER THE NEXT DAY AT 0800 DESERVES A BED ON BOARD THE DRILL SITE.

THE CURRENT PRACTICE OF UTILIZING O&MNR FUNDING TO PROVIDE OFF-BASE BILLETING WILL SUFFER GREATLY UNDER GRAMM-RUDMAN-HOLLINGS SEQUESTRATION AS SUCCESSIVE CUTS IN O&MN FUNDING, INCLUDING FLIGHT HOURS, SPARE PART PROCUREMENT AND OTHER MAINTENANCE REQUIREMENTS, WILL TEND TO REDUCE OR ELIMINATE CONTRACT MESSING AND BERTHING FUNDING.

RESERVE PROJECT DESIGN REQUIREMENT

THE NAVAL RESERVE ASSOCIATION IS OPPOSED TO THE RECENT CHANGE IN DOD REGULATION WHICH INCREASED NAVAL RESERVE PROJECT DESIGN CRITERIA FROM 35% TO 65%.

THE PURPOSE OF THIS INCREASE IS TO "INSURE TIMELY BID OPENINGS, ACCURATE BUDGET ESTIMATES AND EASIER EXECUTION".

THIS CHANGE, IF IMPLEMENTED, WILL FURTHER INHIBIT NAVAL RESERVE CONSTRUCTION AS MORE UP-FRONT DESIGN COSTS WILL REDUCE THE NUMBER OF PROJECTS COMPLETED EACH YEAR. IN AN ALREADY AUSTERE BUDGET, THIS IS COUNTERPRODUCTIVE AND WILL ACCELERATE THE ALREADY MASSIVE CONSTRUCTION BACKLOG.

SECONDLY, THIS TREATS NAVAL RESERVE PROJECTS DIFFERENTLY THAN ACTIVE NAVY CONSTRUCTION. AS YOU KNOW, THE SAME ACTIVE NAVY ORGANIZATION HANDLES BOTH ACTIVE AND RESERVE PROJECTS.

Thirdly, Naval Reserve project execution has been excellent, improving from 80% in FY-83 to 99% in FY-85.

Recommendation

The Naval Reserve Association recommends substantial increased MCNR funding levels from the current 2% of Navy military construction to 5-10% share of total Navy military construction funding.

Additionally, it is recommended that habitability projects (BEQ, BOQ and family housing) be included in all annual appropriations and, also, that current antiquated requirement determination criteria be revised to include readiness and operational needs as most valid inputs in determining size and scope of new construction. Specifically, NRA recemmends FY-87 MCNR funding be provided in the amount of $12.2M for the construction of BEQs at NAS South Weymouth, NAS Glenview and the Naval Support Activity New Orleans.

NAVAL RESERVE STRENGTH

Continual growth in force structure with the acquisition of additional Reserve Force frigates, continued introduction of new aircraft and expansion of maintenance activities form the basis for the requested growth in Reserve strength.

The increases over FY-86 levels of 4,187 full-time support and 9,119 in Selected Reserve end strength reflect continued expansion toward full NAMMOS requirement attainment in FY-88/FY-89.

Table 1 below indicates programmed Selected Reserve end strength (48 drill pay) compared with NAMMOS requirements for the period FY-86 through FY-91.

Table 2 indicates full-time support requirements over the same period of time.

TABLE 1

Naval Selected Reserve Strength
(48 Drill Pay)

Fiscal Year

	86	87	88	89	90	91
NAMMOS	128,593	130,518	133,603	135,137	136,593	136,738
JAN 86 DNFYDP	118,209	127,328	133,603	135,137	136,593	136,738

Note: Requirements and end strength include Category "A" and "Q" drilling Reserve only; excludes personnel on initial ACDUTRA, IRR, IMA D, and Full Time Support personnel.

TABLE 2

Naval Reserve
(Full-Time Support)

Fiscal Year

	85	86	87	88	89	90	91
265	210	220	232	232	232	232	232
TARs	14,802	17,477	21,395	23,722	25,319	26,019	26,232
TEMACs	*	1,313	1,550	1,587	1,674	1,677	1,677
Total	15,012	19,010	23,197	25,541	17,226	27,928	28,141

* TEMAC Recruiters transferred to RPN from MPN in FY-86.

Recommendation

The Naval Reserve Association strongly endorses the requested growth in both Selected Reserve and full-time support personnel.

RECRUITING AND RETENTION INCENTIVES

THE NAVAL RESERVE IS GROWING SIGNIFICANTLY OVER THE NEXT FIVE (5) YEARS. THIS GROWTH, BOTH IN EQUIPMENT AND NUMBERS, IS TO BE ATTEMPTED IN AN ERA OF DECLINING AVAILABILITY OF ENTRY POOL CANDIDATES.

WHILE THE ATTRACTIVENESS OF A MODERN, WELL-EQUIPPED AND PROFESSIONAL NAVAL RESERVE HAS RESULTED IN SOME REDUCTION IN LOST RATES, IT IS BECOMING MORE EVIDENT THAT ENLISTMENT AND RETENTION INCENTIVES MUST BE APPLIED TO (A) MEET RESERVE PERSONNEL MANNING REQUIREMENTS, (B) STABILIZE THE FORCE, AND (C) MINIMIZE THE TRAINING COSTS GENERATED BY LARGE TURNOVER RATES.

THE CHIEF OF NAVAL OPERATIONS ENDORSED THIS CONCEPT, WHEN HE STATED BEFORE THE HOUSE ARMED SERVICES COMMITTEE:

> "ENLISTED TAR PERSONNEL SERVE TOURS OF SEA DUTY SIDE-BY-SIDE WITH USN COUNTERPARTS ON RESERVE SHIPS, YET THEY ARE NOT ELIGIBLE FOR THE SAME RETENTION INCENTIVES. WE HAVE REQUESTED AUTHORITY TO PAY A SELECTIVE REENLISTMENT BONUS (SRB) TO A LIMITED NUMBER OF TAR PERSONNEL IN CRITICAL RATINGS TO ENABLE US TO MAN THE ACTIVE DUTY PORTION OF AN EXPANDING NUMBER OF SHIPS IN THE NAVAL RESERVE FORCE (NFR). WE ARE ALSO REQUESTING AUTHORITY FOR A MODEST UNIT INCENTIVE PAY FOR SELECTED RESERVE CREW MEMBERS OF OUR NAVAL RESERVE FORCE SHIPS. COMPENSATION INITIATIVES SUCH AS THESE ARE CRITICAL TO OUR ABILITY TO CONTINUE THE GROWTH OF RESERVE STRENGTH TO PROGRAMMED LEVELS AND TO MAN THE MODERN WARSHIPS WE ARE PLACING IN THE NRF."

ACCORDINGLY, THE NAVAL RESERVE ASSOCIATION STRONGLY SUPPORTS THE FOLLOWING RECRUITING/RETENTION INITIATIVES AS THE MOST COST-EFFECTIVE METHOD OF ESTABLISHING AND MAINTAINING THE PROFESSIONAL RESERVE FORCE SO ESSENTIAL FOR OUR NATION'S SURVIVAL:

o UNIT INCENTIVE PAY TARGETED SPECIFICALLY FOR HIGH-PRIORITY UNITS (NRF SHIPS) WHICH RECOGNIZES THE MORE ARDUOUS DUTY AND LONGER TRAINING PERIODS (CONTINUOUS 48-HOUR PERIODS VICE 4/8-HOUR DRILL DAYS) BY PROVIDING

ENLISTED MEMBERS OF THOSE TYPE UNITS SPECIAL PAY NOT TO EXCEED $600 PER YEAR AS INCENTIVE TO REMAIN AFFILIATED WITH THOSE UNITS.

o SELECTED REENLISTMENT BONUS FOR TARS. AS ADMIRAL WATKINS STATED ABOVE, ENLISTED TARS GO TO SEA SIDE-BY-SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS, YET RECEIVE NO SIMILAR BONUS INCENTIVE. EXISTING LAW LIMITS SELECTED REENLISTMENT BONUS AUTHORITY ONLY TO "REGULAR COMPONENTS".

NRA VIEWS THIS NOT ONLY AS A FAIRNESS ISSUE, BUT ALSO AS A MOST NECESSARY INCENTIVE IF THE READINESS AND WARFIGHTING CAPABILITY OF THE NAVAL RESERVE FORCE IS TO BE MAINTAINED.

o ENHANCED SELRES BONUS PROGRAM. THIS PROGRAM IS TARGETED TO ATTRACT PRIOR-SERVICE PERSONNEL (I.E., EXPERIENCED VETERANS) WHO ARE BEYOND MINIMUM SERVICE OBLIGATION. THIS AFFILIATION GREATLY INCREASES READINESS AND, BECAUSE OF THEIR FLEET EXPERIENCE, GREATLY REDUCES TRAINING COSTS. THIS PROGRAM WILL BE PARTICULARLY EFFECTIVE IN REDUCING CRITICAL SKILL SHORTAGES WITHIN THE NAVAL RESERVE FORCE AND, THUS, RETURNS AN EXCEPTIONALLY LARGE "BANG FOR THE BUCK".

G.I. BILL

THIS MOST RECENT VERSION OF EDUCATIONAL ASSISTANCE WAS PASSED LAST YEAR.

A MEMBER CONTRIBUTORY PROGRAM, THE NEW G.I. BILL WAS INTENDED TO BE A SIGNIFICANT HELP IN THE AREA OF BOTH RECRUITING AND RETENTION. PASSED ON A THREE-YEAR TEST BASIS AND PUT INTO EFFECT LAST JULY, THE NEW G.I. BILL GOT OFF TO A VERY ENCOURAGING START. PRELIMINARY DATA INDICATES SOME 70% OF THE NEW recruits in the Army taking advantage of the program. Reserve participation has been excellent with more than 18,000 members of the Reserves enrolled in school since 1 July 1985.

In an era of a declining pool of eligible recruits, competition for intelligent, high-quality high school graduates is becoming increasingly keen. While the effects of Gramm-Rudman-Hollings on educational assistance to middle-income families is uncertain, no one believes this type of assistance will increase in the near future.

The Sea Air Mariner (SAM) program of the Naval Reserve seems particularly suited to benefit from the new G.I. Bill incentive. All things considered, the Naval Reserve Association believes the new G.I. Bill is an idea whose time has come.

Consequently, NRA was stunned when the FY-87 budget requested no funds for this excellent program, and even more incredible, rumblings were heard that the administration would attempt to repeal the authorizing legislation.

The Naval Reserve Association believes these actions are ill-advised and contra-productive to mandated retention and readiness requirements of the Reserve Force.

Recommendation

The Naval Reserve Association recommends restoration of the funding necessary to implement this program in the FY-87 budget and strongly opposes any effort to seek repeal of this valuable incentive.

TUESDAY, APRIL 29, 1986.

INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

WITNESS

ARVID G. LARSON, CHAIRMAN, DEFENSE RESEARCH AND DEVELOPMENT COMMITTEE, INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

INTRODUCTION

Mr. CHAPPELL. Our next witness is Dr. Arvid G. Larson, Institute of Electrical and Electronics Engineers, Inc.

Dr. Larson, we are pleased to have you with us.

STATEMENT OF DR. LARSON

Dr. LARSON. Thank you, Mr. Chairman.

I am the Chairman of the Defense Research and Development Committee of the Institute of Electrical and Electronics Engineers, known as the IEEE. The IEEE is the world's largest technical association with over 226,000 members in the United States. We are pleased to have this opportunity to again testify before you.

I will condense my remarks. My written testimony has been submitted and I request that it be incorporated into the record.

Mr. CHAPPELL. It will be placed in the record.

AREAS OF CONCERN

Dr. LARSON. I would like to focus on three areas of concern to the IEEE which we feel this subcommittee can address through its actions on the fiscal year 1987 RDT&E budget. These are to propose the full amount authorized for the defense technology base, even if doing so requires sacrifices in the advanced technology development programs;

Secondly, to recognize the importance of the university research initiative in promoting technology transfer between the universities and the defense laboratories by appropriating the full amount authorized for this program; and

Thirdly, to support the new microwave/millimeter wave monolithic integrated circuits program and encourage the Department of Defense to initiate new research into military-critical electronics materials needs for the coming decade.

DEFENSE-BASED TECHNOLOGY PROGRAMS

Mr. Chairman, the members of the IEEE have been concerned for some time that the defense-based technology programs, categories 6.1 and 6.2 in the budgets, have received a steadily diminishing proportion of the defense science and technology funding.

For example, the DOD support of basic research through fiscal year 1985 has not yet reached a level equal to that of 1965, when measured in constant dollars although DOD appropriations have increased significantly.

Between fiscal year 1984 and the proposed 1987 budgets, total science and technology funding has increased approximately 120 percent not adjusting for inflation.

However, the technology base portion has increased only about 17 percent. Of that, the advanced technology development portion, program 6.3A, has increased 366 percent largely due to the money earmarked for SDI.

This means that in 1981 the technology-based funding constituted almost 15 percent of all RDT&E appropriations. In 1987, it is budgeted to constitute less than 9 percent of the total.

One consequence of this net decrease in the technology based funding has been to reduce DOD support for basic and applied research across a variety of U.S. institutions, including small businesses, large businesses, universities, other research facilities, thus contributing to the deteriorating capacity of our national scientific and technical establishment to perform quality research.

In addition, important languages between graduate curricula and defense technical manpower requirements have been severed during a period when our national security has become increasingly upon our technological superiority.

We also believe there are many indirect consequences of this policy which account for our declining national ability to compete in many high tech areas and serve to further reduce our world leadership in high technology.

Secretary Weinberger issued a memoradum in 1984 calling for a 8 percent real growth rate for both research and exploratory development beginning in fiscal year 1986.

The Administration's current request does not even represent this long overdue real growth increase. Unless the full science and technology funding request is proposed and the technology base request is protected, it is likely that the technology-based programs will decline. We, therefore, urge the subcommittee to appropriate the full amount requested for the technology-based programs.

UNIVERSITY RESEARCH INITIATIVE

The IEEE is pleased to add our support to the university research initiative. It is requested to be funded at $50 million in fiscal year 1987. This program is intended to strengthen the DOD laboratory interactions establishing multidisciplinary engineering research centers on campus, fund research awards, and also apply funding to support research by university faculty while on sabbatical at DOD laboratories and continuing that research as they return to their universities.

We urge the subcommittee to appropriate the requested $50 million for the university research initiative as an integral portion of the defense technology-based programs.

AREAS OF CONCERN

I now wish to briefly comment on two other specific concerns, the MMIC program and the proposed strategic electronic materials initiative.

As was demonstrated in recent Libyan actions, the need to maintain U.S. leadership in defense electronics technology is unquestionable. The dependence of major weapon systems on electronics technology has increased steadily over the past three decades. However, advanced microcircuit technology, vital to numerous defense systems, is increasingly moving to foreign sources in that U.S. technology leadership and the underlying electronic processing and manufacturing disciplines is critically diminishing. It is the position of the IEEE that the United States should not depend upon foreign sources to meet its defense needs and state-of-the-art electronic technology.

Throughout the early seventies——

Mr. CHAPPELL. Doctor, would you please close for us?

Dr. LARSON. I will be happy to.

My closing comment was just the support of the monolithic microwave integrated circuit program and the IEEE has formulated a proposal for a strategic materials research initiative which we would propose to be added to the 1988 budget.

We are going to be working this year with the Defense Department and the legislative staffers to develop this program and would be pleased to brief your committee on this at your pleasure.

Mr. CHAPPELL. We would be pleased to have you do that. We thank you for your comments and the good work that you do.

Mr. Dicks?

Mr. DICKS. No questions.

Mr. CHAPPELL. Mr. Hefner?

Mr. HEFNER. No questions.

Mr. CHAPPELL. Mr. Miller?

SDI PROGRAM

Mr. CLARENCE MILLER. Mr. Chairman, I do have a question. You mentioned, Dr. Larson, that between FY 1984 and the proposed FY 1987 budget, the Advanced Technology Development portion (Program Category 6.3A) increased about 366 percent, while the Technology Base portion increased only 17.4 percent. You indicated that the big increase in Advanced Technology Development was largely due to the money earmarked for the SDI.

Are you saying that money should be removed from the SDI to go into the Technology Base?

Dr. LARSON. Sir, it is our opinion that the seed corn of U.S. technology has to be preserved and we feel that the diminishing amount of moneys proposed toward the underlying research needs of this country have been severely and critically diminished. The SDI is certainly a vital and necessary effort, but its escalation in costs in the current budget we fear might decrease the overall science and technology programs within the defense establishment and thereby critically affect the underlying and future research, that is to say, the systems that we need 20 and 30 years from now will not have their research being done now, whereas the systems that are going into the field now are dependent on research done in the sixties and seventies.

Mr. CLARENCE MILLER. Would not the SDI program enhance the technology base?

Dr. LARSON. The SDI program is alleged to be a research program, but it is an applied technology program, taking existing technology, it is not funding university research. It is an applications initiative to get systems in the field as quickly as possible, in my view.

Mr. **Clarence Miller**. We understood that it is research, that we do not really know whether it will work, and that research is being undertaken to determine if SDI is feasible. There are a lot of unsolved problems. Wouldn't technology base types of research be involved in solving the problems as well as in the other research areas that you mentioned?

Dr. **Larson**. Yes, sir. There is a critical component of basic and exploratory development research which is intrinsically in the SDI, but I believe the great emphasis in the SDI program has to do with the systems engineering issues, applying existing technology in a system that can be fielded in space or on the ground or whatever the scenario.

Mr. **Clarence Miller**. Very good. Thank you, Dr. Larson.

Thank you, Mr. Chairman.

Mr. **Chappell**. Thank you.

[The statement of Dr. Larson follows:]

Statement on the Department of Defense
FY 1987 Budget for
Research and Development
By
Dr. Arvid G. Larson, Chairman
IEEE Defense Research & Development Committee
Before the House Appropriations Committee,
Subcommittee on Defense

April 29, 1986

Mr. Chairman:

My name is Dr. Arvid G. Larson, and I appear before you today on behalf of the Defense Research & Development Committee of the Institute of Electrical and Electronics Engineers, Inc. (IEEE). The IEEE is the world's largest technical professional society, with over 226,000 members in the United States alone. Its Defense Research & Development Committee was formed to develop and voice the Institute's views on the research and development programs and policies of the Department of Defense.

In our testimony today I would like to focus on three areas of concern to the IEEE which this Subcommittee can address through its actions on the FY 1986 Defense budget for Research, Development, Test & Evaluation (RDT&E): the need to ensure a strong Technology Base program within the Department of Defense; the need to continue improvement of DOD/University relations through sustained funding for the University Research Initiative; and the need to improve DOD support for key advancements in semiconductor technology.

Specifically, we urge you to:

- Appropriate the full amount authorized for Defense Technology Base, even if doing so requires sacrifices in Advanced Technology Development programs;
- Recognize the importance of the University Research Initiative in promoting technology transfer between the universities and the Defense Laboratories by appropriating the full amount authorized for this program;

- Support the new Microwave/Millimeter Wave Monolithic Integrated Circuits program and and encourage the Department of Defense to initiate new research into military-critical electronics materials needs for the coming decade.

Support For The Defense Technology Base Programs

The DOD Authorization for Fiscal Year 1970 contained a provision, which has since become known as the Mansfield Amendment, which barred DOD from financing "...any research project or study unless such project or study has a direct and apparent relationship to a specific military function or operation." (Section 203, Title II, Public Law 91-121). Despite the fact that this provision was amended in the following year to leave the determination of relevancy to the Secretary of Defense, the impact of the so-called Mansfield Amendment has been to contribute to a general reduction of Defense Basic Research. In 1965 program 6.1 Basic Research was funded at $347 million. By 1975 this level had dropped to $305 million, less than 50% of the 1965 level when measured in constant 1972 dollars. Although this declining trend in funding was reversed during the latter half of the 1970's, Defense Department support of basic research through Fiscal Year 1985 has not yet reached a level equal to that of 1965 when measured in constant dollars, though overall DOC appropriations have increased significantly. Between FY 1984 and the proposed FY 1987 budgets, total Science and Technology funding has increased approximately 127%, not adjusting for inflation. During this period the Technology Base portion (Program Categories 6.1 and 6.2) increased only 17.4%. The Advanced Technology Development portion (Program Category 6.3A), in comparison, increased about 366%, largely due to money earmarked for the Strategic Defense Initiative. Thus, whereas in FY 1981 Technology Base funding constituted almost 15% of all RDT&E appropriations, in FY 1987 it is budgeted to constitute less than 8.6% of the total.

One consequence of this net decrease in Technology Base funding has been to reduce DOD support for basic and applied research across a variety of U.S. institutions, including small businesses, industrial research facilities and universities, thus contributing to the deteriorating capacity of our national scientific and technical establishments to perform quality research. In addition, important linkages between graduate curricula and defense technical manpower requirements have been severed during a period when our national security has become increasingly dependent upon the technological superiority of its weapons systems over the quantitative advantages of our adversaries. We also believe there are many indirect consequences of this policy which account for our declining national ability to compete in many high technology areas, and serve to further reduce our world leadership in high technology.

In an attempt to begin reversing this trend, Secretary Weinberger issued a memorandum on August 9, 1984, calling for an eight percent annual real growth rate for both Research and for Exploratory Development beginning in Fiscal Year 1986. The Administration's current request does not even represent this long overdue real-growth increase. In addition, $50 million of the request is earmarked to fund the University Research Initiative. Unless the full Science and Technology funding request is appropriated, and the Technology Base request is protected, it is likely that Technology Base programs will decline. We therefore urge this Subcommittee to appropriate the full amount requested for Defense Technology Base (Program Categories 6.1 and 6.2).

Support for the University Research Initiative

In the past several years, there have been a number of efforts by the Office of the Undersecretary of Defense for Research and Engineering (OUSDR&E) to contribute to the university research environment in order to better assure the positive interaction between university researchers and defense technology needs. Since 1981, the Office of Research and Laboratory Management within OUSDR&E has served as a focal point for DOD efforts to strengthen research and engineering programs in areas of importance to our national security. Their efforts have included: (1) the establishment of the DOD-University Forum, intended to improve communications on issues of mutual concern; (2) the revision of guidelines for the reimbursement of IR&D, which is also having the positive impact of increasing interactions between industrial and university researchers; and (3) the development and management of the University Research Instrumentation Program, to improve the adequacy and utility of university research equipment. Finally, the University Research Initiative program, which began in FY 1986, will increase the level of support given to universities by providing Research Initiation Awards to faculty members returning from interchange terms at the Defense Laboratories.

Again we are pleased this year to add our support to the University Research Initiative. Requested to be funded at $50 million in FY 1987, this program is intended to strengthen University-DOD Laboratory interactions, establish Multidisciplinary Engineering Research Centers on campus, and fund Research Awards in specific high payoff technologies. Funding would be available to support research by university faculty on sabbatical at the DOD Laboratories, and for Research Initiation Grants which would enable them to continue this research after they return to their universities. We urge you to appropriate $50 million for the University Research Initiative.

We feel that this Subcommittee could also contribute to these overall DOD efforts to encourage university based research by including in your Appropriation bill some language of positive support for these efforts. Such language should recognize the need to improve the capacity of universities to support Defense Department research and engineering manpower requirements, and to counter the continuing effects left by the Mansfield Amendment. Such language could also provide greater visibility for Defense Department support of university research by recognizing an organizational element within OUSDR&E (as opposed to the service-level organizations) that would be responsible for providing such oversight and support. These steps could be accomplished without any significant cost implications, and would provide added impetus to an essential effort by the department.

Support for The MMIC Program

As was demonstrated in several recent Libyan actions, the need to maintain U.S. leadership in defense electronics technology is unquestionable. The dependence of major weapons systems on electronics technology has increased steadily over the past three decades. For example, in the 1960's computers and software accounted for only about 2% of the cost of the F-4 Phantom aircraft and avionic systems. The computer and software costs of the F-15, a decade later, was about 26%; and for the current high performance F-18 aircraft and avionic systems, this figure is about 43%. Even more revealing, during this same period the costs of computing power have decreased dramatically. In addition, advanced microcircuit technology, vital to numerous defense systems, is increasingly moving to off-shore (foreign) sources in that U.S. technological leadership in these manufacturing disciplines is critically diminishing. It is the position of the IEEE Defense R&D Committee that the United States should not be dependent upon foreign sources to meet its defense needs in state-of-the-art electronics technology.

Throughout the early 1970's, the Defense Department could rely on the rapid technological change in our domestic commercial marketplace as a driving force to meet its defense needs. Intensive competition between domestic and foreign manufacturers of integrated circuits resulted in an annual doubling of the number of components that could be built on a single computer chip, resulting first in Medium Scale, then Large Scale, now Very Large Scale Integration.

In the late 1970's, the Defense Department launched the Very High Speed Integrated Circuits (VHSIC) program, intended ultimately to reduce the architectures of integrated circuits down to the submicron level. VHSIC represented a basic point of departure from the Defense Department's traditional reliance on the private sector R&D for semiconductor development, and so far the program has been a dramatic success. But VHSIC is now reaching the applications phase, and as such is no longer a driver of technology. Further, there is currently a slump in the U.S. semiconductor market, significantly reducing profits and the capacity of private firms to perform the same type of technology-driving research they did in the seventies.

Modeled on the achievements of the VHSIC silicon-technology program, the Department of Defense will be initiating in the 1986-87 time period a corresponding R&D program for microwave microcircuit devices employing gallium arsenide technology. This new program is called MMIC or "Microwave and Millimeter Wave Integrated Circuits" and promises to advance the Radar and Electronic Warfare sophistication of the U.S. Weapon Base by five years. The key payoff for DOD will be a new generation of affordable microwave electronics for the advanced aircraft and communication systems of the 1990's. The gallium arsenide technology base of the U.S. will certainly be markedly strengthened by this focused program.

IEEE supports the Office of the Undersecretary of Defense Research and Engineering in this endeavor and encourages your committee to fully support this ground-breaking microwave system-insertion effort. In particular, every effort should be made to guarantee OUSDRE the complete MMIC funding profile needed to complete the full measure of this program.

A Proposed Strategic Electronics Material Initiative for FY 1988

Over the last five years, IEEE in its testimony to your committee has become increasingly concerned with the lack of a critically-funded electronic materials program in the U.S. To guard against the erosion of our technology base in electronic materials, the IEEE convened a Task Force of twenty blue-ribbon U.S. Materials Scientists in mid-1985. On the basis of the Task Force recommendations, in conjunction with extensive consultation with industry, IEEE is advocating an aggressive Strategic Electronic Materials Initiative for the U.S. A five year program is proposed to establish three critically-funded Centers of Excellence in bulk crystal growth, atomic layer growth and integrated circuit materials. Each of the Centers will concentrate on a specialty in electronic materials science, drawing on the expertise of industry and academia, equipment manufacturers through to wafer production experts, to name a few. Each center will have the necessary facilities and capital equipment to solve critically important materials problems. Technologically, the scientific "seed-corn" of the U.S. in electronic materials technology will be preserved.

The IEEE has received universal encouragement in its quest to promote the Strategic Electronic Materials Initiative. We are targeting a line item in the 1988-89 budget process for this five year program. The total cost is anticipated to be $60M/year or about $250M through 1992. We solicit your support and stand ready to work with you to further inform you on the importance of this opportunity. IEEE believes strongly that a new Strategic Electronic Materials Initiative is the correct concept for the U.S. and solicits congressional help in making it happen in an expeditious manner.

Consequences of Diminished Technology Base Funding

In summary, we feel we have established a sound case as to why continued reductions in Defense Technology Base programs would not well serve our national defense interests. To do so would result in the continued depletion of the university and industrial research infrastructure that is essential for meeting our defense needs. It would result in continued reductions in the availability of skilled engineering manpower. Finally, it would also result in the increased reliance on foreign sources for our advanced electronics technology. We feel it is essential for this committee to take the steps that are needed to avoid these consequences.

This concludes my formal statement, and I would be happy to attempt to answer any additional questions you might have.

BIOGRAPHY

Dr. Arvid G. Larson

Dr. Arvid Larson is a professional Electrical Engineer with over 20 years experience in Government contract research and development activities, much of it in support of Department of Defense organizations. He is currently a Principal with Booz, Allen and Hamilton, Inc., a diversified professional services company providing advanced systems engineering and technical services support to Government agencies and to industry.

Dr. Larson received a Ph.D. in Electrical Engineering in 1973 from Stanford University, and specializes in computer system engineering, signal processing, and the development of computer and information systems technology within a variety of Government and other high-technology applications areas. Prior to his current position, he served on the technical staffs of Navy Electronics Laboratory, Stanford Research Institute, and Planning Research Corporation, and was a principal in the establishment of Advanced Research and Applications Corporation, a California-based high-technology small business. He is the author or coauthor of one book and over 50 technical papers and reports, and is a member of Sigma Xi and the Armed Forces Communications and Electronics Association.

Dr. Larson is serving in his second year as Chairman of IEEE's Defense Research and Development Committee. In addition, he has also served two terms as Chairman, Board of Directors, of IEEE's Electronics and Aerospace Systems Conference, and is currently Chairman of the IEEE Northern Virginia Section, one of IEEE's fastest growing regional sections with a membership of over 5,000 engineers and scientists. Dr. Larson is a Fellow of the IEEE and a recipient of the IEEE Centennial Medal, and is a licensed Professional Engineer in the State of California and the Commonwealth of Virginia.

TUESDAY, APRIL 29, 1986.

ASSOCIATION OF CIVILIAN TECHNICIANS

WITNESS

JOHN T. HUNTER, NATIONAL PRESIDENT, ASSOCIATION OF CIVILIAN TECHNICIANS

INTRODUCTION

Mr. CHAPPELL. Mr. John Hunter, Association of Civil Technicians.

STATEMENT OF MR. HUNTER

Mr. HUNTER. I will summarize my statement and request that the prepared statement be included in the record. I will restrict my comments today to the active guard and reserve program.

AGR PROGRAM

Initially, the AGR program was supposed to be a less costly alternative to increasing the civilian technician program. It has proven to be the opposite. The average pay and benefits, including retirement accruals, for an AGR member is estimated at $42,000 based on DOD figures and substantiated by the Congressional Budget Office in its study on the reserves dated November 1985. The average cost for a civilian technician is $30,000. This figure includes military pay for national guard service and is based on DOD's cost benefit analysis for the reserve component full-time support program.

The Congress authorized 43,792 AGRs for fiscal year 1986 for the guard and reserves at a cost of over $1,839,000,000. If civilian technicians had been hired instead of AGRs, it would have saved the taxpayer at least $500,000,000 in costs per year.

In addition to high salary costs, the AGRs tax-free income, BAS, BAQ, VHA, adds to the cost to government, retirement, medical care, commissary, PX, et cetera, further adds to the costs.

DOD says the high cost of the AGR program is acceptable because AGRs work directly with the units to improve readiness and that they deploy with their units. This reasoning also applies to civilian technicians who, by law, must hold compatible military assignments in the National Guard and must deploy with their assigned units.

TECHNICIAN PROGRAM

The statutory concept of the National Guard technician program is that the technicians will serve concurrently in three different ways: (a) perform full-time civilian work in their units; (b) perform military training and duty in their units; and (c) be available to enter active Federal service at any time their units are called.

For many years the National Guard bureau has intended to move all technicians out of their unit support assignments and into maintenance support activities. This is verified in the Survey and Investigative report, House Appropriations Committee, June 1983.

Obviously, there cannot possibly be sufficient maintenance positions available to handle the thousands of technicians employed at the unit level. This proposal will result in a substantial decrease in technician manning and would violate the technician floor strength established by this committee.

I strongly recommend that this committee should reestablish report language that provides for technician floor levels at troop program and squadron units and prevents the conversion of technician positions to AGR status.

STARC UNITS

A listing of the AGRs assigned to the Army National Guard in one state indicates that, of the 600-plus AGRs, approximately one-third, 192, are assigned to one unit, STARC. Each state has a STARC unit, state area command, that has no deployment assignment. Assigned to this particular STARC unit are one colonel, two lieutenant colonels, four majors, six captains, two lieutenants, four warrant officers, two E–9s, 13 E–8s, 87 E–7s, 36 E–6s, 28 E–5s, 4 E–4s, and 1 private. The annual cost in AGR pay and benefits for this unit is over $7.5 million.

AGRs assigned to STARC, including recruiters, 126 in this state, are employed in various locations throughout the state, are not assigned to deployable units, and are not deployable assets. The colonel in this STARC unit is the state personnel management officer who converted in place from technician status. This is in complete conflict with the stated purpose and concept of the AGR program and the intent of Congress. Congress has instructed DOD to eliminate overgrading and double-slotting in the AGR program. It appears this can be accomplished by assignment of these personnel to STARC units.

CONVERSIONS

The Department of Defense will probably submit to you that they have not converted any technician positions to AGR status since 1983. That type of a submission is completely false. Conversions are being accomplished regularly through lateral transfers, resignations and reappointments to the same positions, and by dual advertising of vacant technician positions.

AGRs are far more costly than technicians. Technicians hold military assignments and are deployable assets. The technician program is a stable and efficient program that has proven itself throughout the years. The AGR program is mismanaged and is being used for personal gain by many individuals. If the AGR program——

Mr. **Dicks**. When you say personal gain by many individuals, what do you mean by that?

Mr. **Hunter**. If you take any technician who is asked to convert to AGR and does convert to AGR, he does so for one reason, for the money. You are not gaining any enhancement of deployability with that individual. He is a technician who turns around, puts on a military uniform and is now in the AGR program and makes $10,000 a year more than he has been making as a technician and for a lower taxable income.

The program allows this. I am not knocking the individual, but the program allows this to go on. That is the sad part.

Mr. DICKS. Thank you.

Mr. HUNTER. If the AGR program was initiated in order to save money and enhance the deployability of our units, and obviously has done neither, then it is time to phase out the program through attrition.

PROPOSED PLAN

I respectfully propose the following plan for your consideration:

One, freeze all proposed AGR growth for fiscal year 1987 due to all the expenses related to the program and because of the high number of AGRs that do not deploy, STARC AGRs. Presently, approximately 13,000 AGRs would not deploy due to their assignments.

Two, all staffing guide positions in the Army National Guard and support personnel manning document positions in the Air National Guard would become technician positions controlled by the Office of Personnel Management job grading standards.

Three, slowly phase out the AGR/FTM program through attrition. All AGR personnel who desire to remain in the full-time support program should have the option of applying for deployable technician positions.

Four, establish strong report language that provides for technician floor strength levels at troop program and squadron units and that prevents the conversion of technician positions to AGR status.

In closing, I would like to take this opportunity to thank you and the members of this committee for your continued support given to the National Guard and Reserves. I am prepared to answer any questions you may have.

Mr. CHAPPELL. Thank you very much. We appreciate your fine comments and your recommendations.

Are there questions?

Thank you.

[CLERK'S NOTE.—Subsequent to the hearing. Mr. Hunter provided two letters for the record. These letters follow Mr. Hunter's prepared statement.]

[The statement of Mr. Hunter follows:]

ASSOCIATION OF CIVILIAN TECHNICIANS

JOHN T. HUNTER
National President

STATEMENT BY

JOHN T. HUNTER

PRESIDENT OF THE

ASSOCIATION OF CIVILIAN TECHNICIANS

BEFORE THE

SUBCOMMITTEE ON DEFENSE

of the

COMMITTEE ON APPROPRIATIONS

UNITED STATES
HOUSE OF REPRESENTATIVES

April 29, 1986

60-313 . 227

932 Hungerford Dr., Suite 34-A
Rockville, MD 20850 • 301-762-5656

"Duty . . . Dedication . . . Dignity"

Statement by Mr. Hunter May 1, 1986

Mr. Chairman and Members of the Committee:

Our organization appreciates the opportunity to present our views before the Subcommittee on Defense Appropriations on matters concerning the most appropriate and economical full-time support personnel for the National Guard and Reserves.

Historically, since 1948, all administrative, supply and maintenance support for the National Guard was provided by civilian technicians. In 1976 the Defense Manpower Commission recommended that the civilian employees be replaced by Guardsmen and Reservists serving on active duty - Active Guard and Reserves (AGRs). The Commission's reasoning for this proposal was that the AGRs would be more cost effective than civilian employees and a substantial savings could be realized.

Is The AGR Program More Cost Effective? - NO!

Subsequent investigations and reports indicated that the AGR program was far more costly than the technician program; that it did not produce any increased efficiency; and that it had a devastating effect on the technician program. The reports are the Management Consulting & Research, Inc. (MCR) Report of November 1980, the Report by the Surveys and Investigations Staff of the House Appropriations Committee (S & I) of June 1983, the General Accounting Office (GAO) Report of June 1985, and the Congressional Budget Office Report of November 1985.

A factor that has caused much turbulence and reduced morale in the civilian technician program is the great disparity in pay and benefits between the two programs. The AGR working side by side with the civilian technician, and doing the same job, is receiving more pay and benefits. The AGR receives all the benefits of military personnel serving in the active forces, including a 20 year retirement, but is not subjected to any of the demands placed upon his active duty counterpart. Is it any wonder that the Army and Air technician becomes demoralized when he is forced to work with AGR personnel who take home more money, receive more leave, and retire at an earlier age with less service? Experienced civilian employees are now leaving the National Guard technician service at a rapid rate. In support of this statement I have attached copies of two TWX's that directly refer to this subject. (Attachments No. 1 and No. 2).

The National Guard Bureau wants to eliminate the "mix" of technicians and AGR personnel at the unit level in the Army National Guard. The GAO, in its' June 1985 Report agrees ---

> "In our opinion, mixing technicians and AGR personnel in deployable troop units is not organizationally sound and detracts from effectiveness. Of the two alternatives, either all-technician or all-AGR, we believe that the all-AGR force in deployable units is the preferred choice for the following reasons:
> --It offers a solution to the problem of technicians unable to deploy with their units, whereas the all-technician choice would only prolong the situation.
> --Military pay and benefits, which are higher than comparable civilian pay scales, are a positive factor in the recruitment and retention of qualified personnel.
> --It eliminates management problems associated with a mixed force in troop units.

The intent of the National Guard Bureau, and the support of the GAO, brings forth the following questions:

1. General Conaway, Chief of the Air National Guard, wants a "mix" of 75% technician and 25% AGR personnel. Why does the "mix" work in the Air National Guard but not in the Army National Guard?

2. All technicians, by law, must be members of their units and must deploy with their units. Why would the National Guard Bureau and the GAO want to remove them from deployable units?

3. If there are management problems with two different work forces, and the AGR program is so much more costly, why would the GAO recommend the most expensive alternative?

The Association of Civilian Technicians believes that this plan is just another example of the mismanagement of the AGR program.

Is The AGR Program Mismanaged? -- YES!

As I previously stated, the initial intent was to replace all technicians with AGR personnel. However, language was inserted in Appropriations legislation that established a technician floor strength and prevented further erosion of civilian employment. Initially, over 6000 technician positions had been converted to AGR status. The AGR program continued to grow at a rapid rate, reaching over 43,000 in FY-86, while the technician program had very little growth. In fact, in many states vacated technician positions are being advertised as "temporary-indefinite" positions. The obvious intent is to convert these positions to AGR status. This has caused considerable uncertainty about the future of the technician program.

The technician program is notorious for providing very little opportunity for advancement. Many technicians leave the program at the same grade they entered.

The advent of the AGR program has further restricted even this limited opportunity. AGR personnel are reassigned into these advancement positions without competition or qualification. To illustrate, let me cite a particular example. In New York State a technician retired from a GS-8 supervisory position. The vacancy was announced for competition and four technicians submitted applications. Three were certified fully qualified but management decided to withdraw the announcement. A few months later an AGR, who was militarily overgraded for the position he occupied, was reassigned to the vacant supervisory position. He didn't compete for the job nor was he qualified for it; and qualified technicians, with ten to fifteen years service, were denied advancement.

The question of qualification is another detriment to morale in the technician program. Technicians must be fully qualified to gain employment and to pursue the limited avenues of promotion. AGRs come on the scene at full pay with only a requirement that they can become qualified. One state, Arizona, even had the audacity to state in a technician bulletin that if an individual applying for a particular position was qualified he should be employed in technician status; if not qualified, he could be brought on board as an AGR. (Attachment No. 3).

Next we have the inevitable downgrading of a high percentage of the technician positions in the Army National Guard. Ever since the advent of the technician program in 1948 every Army National Guard unit was supported full time by an Administrative Supply Technician - now entitled a Unit Administrator. This technician position has often been praised as the "cornerstone" of the National Guard. Each Guard unit had one, but never more than two, Unit Administrator depending upon the size of the unit. These technicians are graded at the GS-7 level based upon the multiple requirements of their job descriptions. In those cases where a second technician is employed it is at the GS-5 level. Now the National Guard Bureau is assigning a minimum of four AGRs at the unit level. Each of these AGRs is performing a portion of the duties previously performed by the Unit Administrator. It is only a matter of time before a desk audit will reveal that the Unit Administrator is no longer performing all of the duties of the job description and a downgrading will be the result.

Another example of mismanagement that must be addressed is "Reemployment Rights". To make an AGR tour more tempting to technician personnel the National Guard Bureau is granting them reemployment rights as if they had been ordered to active duty. The Bureau policy states that duty performed under 32 U.S.C. 502(f) is considered as active duty in the armed forces of the United States as defined in 38 U.S.C. 101(21)(A). The Association of Civilian Technicians submits that an "active duty in the armed forces" circumstance can only occur when an individual is ordered to that duty and pay status under Title 10, U.S.C.

It is also our organization's contention that the mechanics of conversion and assignment to the AGR program is a circumstance not envisioned by members of Congress during consideration of the language contained in 38 U.S.C. 2021. The statutes and OPM regulations cited by the National Guard Bureau were promulgated long before the establishment of the current AGR program.

Further, the Association of Civilian Technicians maintains that 38 U.S.C. 2021 was provided for employees with the singular intent in mind to ensure the security of employees' property rights accruing to them in their respective place of employment, be it federal, state or local governments or private sector positions; and that restoration or reemployment rights would be accorded affected individuals when (a) ordered involuntarily to "active duty in the armed forces" under legitimate circumstances of immediate national need beyond the control of the individual or employer involved and comporting in all aspects with appropriate provisions of law and/or Executive Order and (b) voluntarily being ordered to active duty for a temporary period of time necessary for individual training and/or emergency assistance to federal or state governments in carrying out an immediate unit mission.

In the AGR circumstance, individuals are participating voluntarily in the AGR program and are not placed involuntarily on duty orders, which in this case cite 32 U.S.C. 502(f). Therefore, it must be concluded that the participants cannot be viewed as falling into any other category but that found in FPM Chapter 353, Subchapter 2, Paragraph 2-3(a), which reads:

> "2-3 Employee Enlisted - (a) An employee who, after entering the employment to which he claims restoration, enlists (other than in a reserve component) is entitled to restoration when he:
> (1) serves no more than five years, provided that service in excess of four years is at the request and convenience of the federal government (plus additional service imposed pursuant to law);
> (2) is released from service under honorable conditions; and,
> (3) applies for restoration within 90 days of release from service or discharge from hospitalization continuing for no more than one year after release." (Emphasis added).

If, as clearly indicated above, an employee cannot be restored if he enlists for service in a reserve component, it would follow then, that he/she cannot meet the definition of appropriate "military duty" as the NGB contends.

Further, let us study the NGB's contention that AGR duty under 32 U.S.C. 502(f) is alleged to be active duty in the armed forces. The definition as found in 38 U.S.C. 101 (21)(A) is as follows:

> "(21) The term 'active duty' means - (A) Full-time duty in the armed forces, other than for training." (Emphasis added).

The above language imparts to this organization that active duty for training does not constitute full-time duty in the armed forces. So therefore, it is important to take note of the definition of "active duty for training" as found further on in 38 U.S.C. 101(22)(c) which reads as follows:

> "(22) The term "active duty for training" means - (c) in the case of members of the National Guard of any state, full-time duty under section 316, 502, 503, 504 or 505 of Title 32 or the prior corresponding provisions of law;" (Emphasis added).

Thus we contend that AGR duty performed under 32 U.S.C. 502(f) is full-time duty with the National Guard in the above defined circumstance and is merely nothing more than active duty for training and therefore does not meet the definition or standard for "military duty" as is alleged by the National Guard Bureau. Consequently, the Guard Bureau is in error in advising employees prior to converting to the AGR program, that they will be eligible for restoration or reemployment to civilian technician positions within the various states upon termination of service under 32 U.S.C. 502(f).

It is patently unfair to unit members to offer AGR personnel restoration rights under these circumstances as it could possibly result in a reduction-in-force within the bargaining unit.

Based on all of the preceding, our organization contends that the National

Guard Bureau's policy and instructions with regard to restoration/reemployment rights is based upon an erroneous interpretation of 32 U.S.C. 502(f) and 38 U.S.C. 101 (21)(A). Thus, it follows that the OPM instructions contained in Chapter 353 are also inapplicable to AGR personnel under present Guard Bureau directives. Restoration/reemployment rights should not be available to AGR personnel.

AGR Cost Factors - Are They Minimal? -- NO!

The average pay and benefits (including retirement accurals) for an AGR is $ 42,000 based on DOD figures and substantiated by the Congressional Budget Office in its study on the Reserves dated November 1985. (Attachment No. 4). The average cost for a civilian technician is $ 30,000. This figure includes military pay for National Guard service and is based on DOD's Cost Benefit Analysis for the Reserve Component Full-Time Support Program.

The Congress authorized 43,792 AGRs for FY-86 for the Guard and Reserves at a cost of over $ 1,839,000,000. If civilian technicians had been hired instead of AGRs it would have saved the taxpayer at least $ 500,000,000 in costs per year.

For years, each Army National Guard unit was supported by one or two civilian employees - a GS-7 and a GS-5. DOD and National Guard Bureau plans call for a minimum of four AGRs, in some cases more, at grades E-7 to E-4 at unit level and as high as Colonel in headquarters units. (Attachments No. 5, 6 & 7). Attachment No. 5 indicates a cost of $ 806,816 for AGRs for this unit - $ 63,085 more than technicians would cost in each position - and $ 353,539 more when tax free payments are considered. The figures for Attachment No. 6 are $ 663,454 for AGR costs; $ 55,003 more than technicians cost and $ 280,577 when tax free payments are considered. Attachment No. 7 indicates $ 826,277 for AGR cost - $ 48,298 above technician cost and $ 329,232 when considering tax free payments.

In addition to high salary costs, the AGRs tax free income (BAS, BAQ, VHA) adds to the cost to government. Retirement, medical care, commissary, PX, etc. further add to the costs.

Do All AGR Personnel Deploy With Their Units? -- NO!

DOD says high cost of the AGR program is acceptable because AGRs work directly with their units to improve readiness and that they deploy with their units. This reasoning also applies to civilian technicians who, by law, must hold compatible military assignments in the National Guard and must deploy with their assigned units.

A listing of AGR personnel assigned to the Army National Guard in one state (Attachment No. 8) indicates that, of the 600 plus AGRs, approximately 1/3 (190) are assigned to one unit - "STARC". Each state has a "STARC" unit (State Area Command) that has no military Table of Organization and no deployability assignment.

Assigned to this particular STARC unit are 1 Colonel, 2 Lieutenant Colonels, 4 Majors, 6 Captains, 2 Lieutenants, 4 Warrant Officers, 2 E-9s, 13 E-8s, 87 E-7s, 36 E-6s, 28 E-5s, 4 E-4s and 1 Private. The annual cost in AGR pay and benefits for this unit is over $ 7½ million.

AGR personnel assigned to STARC, including recruiters, are employed in various locations throughout the state, are not assigned to deployable units, and are not deployable assets. (The Colonel in this STARC unit is the State Personnel Management Officer). This is in complete conflict with the stated purpose and concept of the AGR program and the intent of Congress.

If 30% of the AGR personnel in one state do not deploy then it can be assumed that this would equally apply to all states. Based on 43,000 plus AGRs currently on board this would indicate that almost 13,000 do not deploy.

Congress has instructed DOD to eliminate overgrading and double-slotting in the AGR program. It appears this is being accomplished by assignments to STARC units where there are no rank limitations nor definite military assignments.

Is The National Guard Still Converting Technician Positions to AGR? YES!

I am attaching (Attachment No. 9) ten National Guard Technician Vacancy Announcements which are only a sampling of the announcements that have been published and posted by the State of New York over the past two and one half years. They are illustrative of a consistent long range effort to convert technician positions to Active Guard/Reserve (AGR) status. The conversion of technician positions is appropriately supported by the fact that each of the positions advertised on the attached forms has been filled by an individual in AGR status. In every case the predecessor was a technician.

On September 5, 1985, I met with representatives of the Manpower Division of the National Guard Bureau and discussed this particular issue with them. I followed up our meeting with a letter on September 24, 1985 and received the Bureau's response by letter dated October 11, 1985 (Attachment No. 10). The last paragraph of their letter states that they were advised that the practice of dual advertising of positions has been stopped by New York. This is simply not true! New York continued to publish dual announcements.

These blatant and successful attempts to convert technician positions to AGR status are proof of the willful long standing effort to disregard Congressional intent. This representative sampling is only a small percentage of the complete scenario in the AGR program.

Analysis And Statements of Fact.

In the Report accompanying the FY-1986 DOD Appropriations Bill, the Defense Department was directed to prepare a report outlining their efforts to resolve the various problems associated with the full-time support program. The Department will probably request a force realignment plan that parallels the June 1985 GAO recommendation. Was this recommendation nurtured by the GAO? Absolutely not! For many years the National Guard Bureau intended to move all technicians out of their unit support activities. (Survey and Investigative Report, HAC, June 1983 - Attachment No. 11). We note that the GAO goes along with the Bureau's intentions but for no logical reason.

The statutory concept of the National Guard technician program is that the technicians will serve concurrently in three different ways, (a) perform full time civilian work in their units; (b) perform military training and duty in their units; and (c) be available to enter active federal service at any time their units are called. (Senate Report 1446 - Attachment No. 12).

During hearings before the Committee on Armed Services of the U.S. Senate on H.R. 2 statements strongly supporting the National Guard technician were presented by the Chief of the National Guard Bureau and the Adjutants General of Maryland (for the National Guard Association) and of Montana. (Attachment No. 13). The technician is still the cornerstone of the National Guard. Why replace him with AGR personnel?

The Congress authorized 43,792 AGR personnel for FY-1986 for the National Guard and Reserves at a cost of over $ 1,839,000,000. If technicians had been hired in lieu of AGR personnel, it would have saved the taxpayer at least $ 500,000,000 in costs per year.

Much of my statement has concerned mismanagement of the AGR program in the Army National Guard but I certainly don't want to mislead you into believing that the Army National Guard is the only component mismanaging the AGR program. I am presently an Air National Guard technician and have been for 32 years. The same turbulence and mismanagement exists in the Air National Guard.

Recommendations:

If the AGR program was initiated in order to save money and enhance the deployability of our units and obviously has done neither, then it is time to scuttle the program. I respectfully propose the following plan for your consideration:

1. Freeze all proposed AGR growth for FY-1987 due to all expenses related to the program and because of the high number of AGRs who do not deploy, (STARC AGRs). Presently, approximately 13,000 AGRs would not deploy due to their assignments.

2. All staffing guide positions should become technician positions controlled by the Office of Personnel Management (OPM) Job Grading Standards.

3. Slowly phase out the AGR/FTM program through attrition. All AGR personnel who desire to remain in the full-time support program should have the option of applying for deployable technician positions.

In light of the November 1985 Congressional Budget Office study, the information contained in the June 1985 GAO Report, as well as the Report of the Subcommittee's own investigative branch, it is inconceivable that today, when funds are being reduced at every level of government, that the AGR program continues to grow.

In closing, I would like to take this opportunity to thank you and the members of your Committee for your continued support given to the National Guard and Reserves.

02 MAY 1986

ORDER

ACTION

INITIALS

ROUTINE

170748

RTTUZYUW RUWABNA0073 1211645-UUUU--

ZNR UUUUU
R 011430Z MAY 86
FM 143 TAG QUONSET STATE APRT N KINGSTOWN RI//[illegible]
TO RUEAUSA/NGB WASH DC//TNS/LG//
INFO AIG 7108
BT
UNCLAS
SUBJECT: LOSS OF TECHNICIANS

1. TO SUPPORT THE 136 TAW AND 146 TAW MSG, SAME SUBJECT, THIS PROBLEM HAS AFFECTED THE 143 TAG, AND SPECIFICALLY THE 143 CAMS IN MANY AREAS OF EXPERTISE.

2. WE HAVE EXPERIENCED PERSONNEL LOSSES FROM THE FOLLOWING AREAS IN THE PAST YEAR: REPAIR AND RECLAMATION, AIRCRAFT MECHANICS, MAINTENANCE ANALYSIS, FABRICATION, PRODUCTION CONTROLLER, SURVIVAL EQUIPMENT, NDI AND AIRCRAFT ENGINE MECHANICS.

3. TECHNICIAN PERSONNEL FROM THE AREAS LISTED WERE LOST TO HIGHER PAYING CIVILIAN AND COMPETETIVE CIVIL SERVICE POSITIONS OUTSIDE OUR WAGE GRADE AREA WHICH IS WITHIN THE IMMEDIATE AREA AND WITHIN COMPUTING DISTANCE. THE 143 CAMS HAS LOST 400 YEARS OF TECHNICIAN AND MILITARY EXPERIENCE THROUGH RESIGNATIONS ALONE, NOT CONSIDERING EXPERIENCE LEVEL LOST THROUGH RETIREMENT.

PAGE 02 RUWABNA0073 UNCLAS

4. OUR LOWER EXPERIENCE LEVEL AFFECTS OUR MISSION SUPPORT PRODUCTION IN A MOST ADVERSE MANNER. THE TECHNICIAN FORCE IS THE BACKBONE OF THE ANG STRUCTURE. THE TECHNICIAN PROGRAM, WITH REGARD TO PAY, ALLOWANCES, AND BENEFITS IS NO LONGER COMPATIBLE WITH THE PUBLIC SECTOR (COMPETITIVE CIVIL SERVICE) OR THE PRIVATE SECTOR IN THESE HIGHLY SPECIALIZED AND TECHNICAL CAREER FIELDS.

5. REQUEST THIS PROBLEM, BE CONSIDERED WITH UTMOST URGENCY. INPUT REGARDING THIS MATTER IS MOST WELCOME.

POC IS MAJOR DOMENIC F. VACCA, AV 476-3508 - 3509.
BT
#0073

[illegible]

22
4-mn

ROUTINE

5135 115800

RTTUZYUW RHWISGG0067 1342045-UUUU--RUWABMA
ZNR UUUUU
ZULFTA T 164TAG MEMPHIS METRO APRT TN
ZULRAGA T 130TAG KANAWHA APRT CHARLESTON WV
R 142011Z MAY 85
FM 136TAW NAS DALLAS TX//TAW/CC//
TO RUEAHNA/NATIONAL GUARD BUREAU WASH DC//TNS/LR//
AIG SEVEN THREE ZERO SIX
~~[illegible]~~
BT
UNCLAS
SUBJECT: LOSS OF TECHNICIANS

1. IN SUPPORT OF THE 146TH TAW MSG 251330Z, APR 85, THE 136TH MAINTENANCE DIVISION HAS SIMILAR PROBLEMS.

2. OUR PRESENT SCOURGE IS THE LOCAL DCAS AREA OFFICE WHICH HAS ATTRACTED AWAY TECHNICIANS IN AVIONICS, MAINTENANCE CONTROL, QUALITY CONTROL AND THE TOOL MAKER.

3. THE ACTUAL AND THREATENED DECREASE IN TECHNICIAN BENEFITS HAS REDUCED OUR RESPONSE TO VACANCY ADVERTISEMENTS TO ON-BOARD TECHNICIANS SEEKING MERIT PROMOTIONS. NEW HIRES ARE USUALLY "PALACE CHASE" AND THE EXPERIENCE LEVEL AT THIS BASE HAS LOST 600 YEARS THROUGH 24 RETIREMENTS AND RESIGNATIONS THIS FY.

4. ON 23 JULY 84 THE NGB/TNC OFFICE ISSUED A PAPER UPGRADING FOREMAN POSITIONS TO KEEP UP WITH THE PRIVATE SECTOR. PERHAPS THIS STUDY NEEDS TO BE EXPANDED TO INCLUDE OTHER PAY GRADES AND POSITIONS.

PAGE 02 RHWISGG0067 UNCLAS

5. INCREASED MISSIONS, RECRUITING, TRAINING AND EMC GOALS DEMAND A SKILLED TECHNICIAN FORCE.

RELEASED BY COL ROBERT W. GRUENHAGEN,
BT
#0067

National Guard of Arizona
SUPPORT PERSONNEL MANAGEMENT OFFICE
5636 East McDowell Road, Phoenix, Arizona 85008
Telephone: (602) 273-9790 Autovon: 853-8790

Personnel Newsletter

(Please pass 1 for 3 employees distributed)

No. 57 1 February 1985

MERIT PLACEMENT PLAN

1. The latest revision to the Military Technician Merit Placement Plan has been published. Distribution was made early in January with enough copies so each technician/AGR manager and supervisor can have a copy. If you are a supervisor and do not have a copy you may contact Elinor Ferguson at the 161st AREFG, MSgt Jim McChesney at the 162nd TFG, or CW2 Steve Hansen for the 107th TCS and the Army Guard.

2. Two important changes have been made. All applications submitted for vacancy announcements will not be accepted after the closing date shown on the announcement. (Previously, mailed applications were accepted for two working days after the closing date, if postmarked by the closing date). The other change concerns technicians submitting applications (requests). The technicians now will submit their applications directly to the SPMO. They will then provide the supervisor with a copy so he/she can complete the AZSP Form 335-1, Performance Element Appraisal, and forward it to the SPMO. By doing this, the burden of getting the application to the SPMO in a timely manner rests on the technician rather than the supervisor.

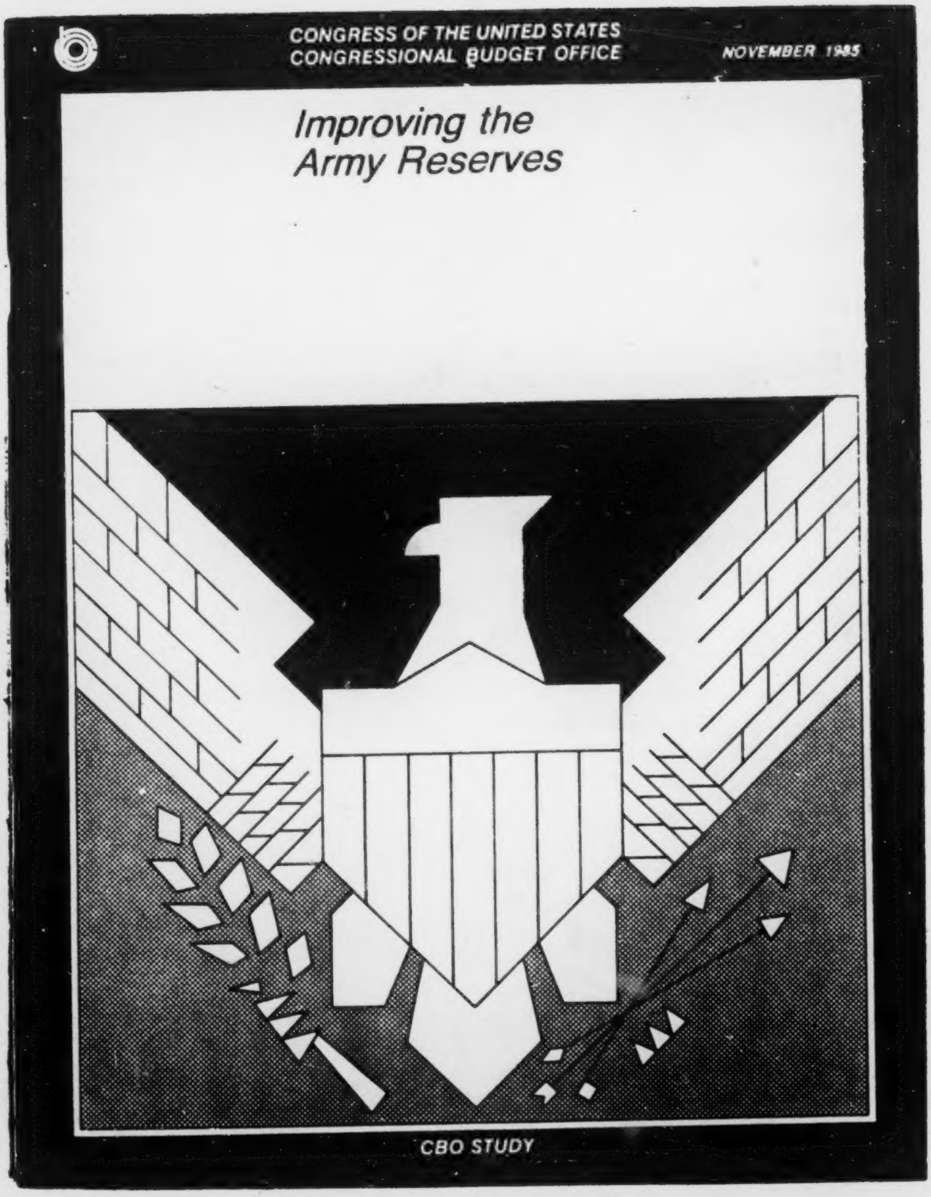
3. The forms for applying remain similiar to what has been used before. The title of the AZSP Form 335-2, has changed from "Military Resume" to "Supplemental to Application for Employment" and the form has been revised into a two sided form. The concept remains the same and the previous edition will be accepted. A new form, AZSP Form 335-3, Personal Information Supplement, has been added. This form allows the applicant to identify each of the KSA's shown on the front of the announcement and where in the application each is covered by the individual's education/training and experience.

4. The recommended forms for applying for technician vacancies are:

a. Nontechnicians, part time members, persons with temporary or indefinite appointments: SF 171, AZSP 335-1, AZSP 335-2, AZSP 335-3, OPM 1388 (Background Survey Questionnaire 79-2).

b. Federal Civil Service technicians with permanent appointments and persons having restoration rights to a Federal Civil Service technician position in the National Guard of Arizona: Request for Consideration format (same format used since 1975, page B-2 of Placement Plan), AZSP 335-1 and AZSP 335-3.

c. Air Guard only! AGR persons applying for technician vacancies who desire to continue in their AGR status in the position advertised may use the AZSP 335-1, AZSP-335-2, AZSP 335-5 and a resume. (This package should have a short cover letter indicating the individual's intent and the announcement number so the application does not get confused with AGR announcements.) **AGR applicants not meeting the technician qualifications will be certified for AGR placement only. If selected, AGR placement would be made only if the minimum AGR military qualification requirements are met.** Should the standard method of rating and ranking become necessary, the procedure outlined in Chapter 6 of the Merit Placement Plan will be used for all applicants. The following statement appears on Air National Guard Technician Referral and Selection Registers when AGR applicants are included: "At the option of local management, with the concurrence of The Adjutant General, AGR applicants selected for this position may be required to continue in that military status". (OPR, CW2 Steve Hansen, 273-9789/AV 853-8789).



CONGRESS OF THE UNITED STATES
CONGRESSIONAL BUDGET OFFICE

NOVEMBER 1985

Improving the Army Reserves

CBO STUDY

No. 4

account. On the other hand, active military personnel assigned to the reserves are paid from the active military personnel account. Both O&M and active personnel costs are excluded from this study. The Army plans no significant changes, however, in these personnel categories during the next five years.

Full-Time Support Personnel. Under the Administration's plan, by far the largest increase in Army reserve manpower costs would be for full-time support (AGR) personnel. The annual costs of this category of personnel would rise by over $1.5 billion between 1986 and 1990. These personnel are generally more expensive than active-duty personnel because they have more military experience. The pay and benefits (including retirement accruals) of the average person on active duty are projected to average $29,100 in fiscal year 1986. By contrast, the average pay rate for full-time military personnel (AGR) who assist the reserves is estimated to be $42,000. The difference results from the higher average entry pay grade for AGR personnel joining the reserves.

TABLE 12. ESTIMATED COSTS OF ARMY SELECTED RESERVE PERSONNEL UNDER THE ADMINISTRATION'S PLAN: FISCAL YEARS 1985-1990
(In millions of fiscal year 1986 dollars)

Component	1985 a Estimated	1986 b Budget	1987	1988	1989	1990	Change in Costs 1986-1990
Personnel							
USAR							
Part-time	1,800	1,830	1,905	1,970	2,020	2,045	705
Full-time (AGR)	460	490	590	755	910	1,070	1,515
Total	2,260	2,320	2,495	2,725	2,930	3,115	2,285
ARNG							
Part-time	2,375	2,385	2,405	2,430	2,485	2,540	370
Full-time (AGR)	865	925	1,175	1,510	1,750	1,865	2,900
Total	3,240	3,310	3,580	3,940	4,235	4,405	3,270
All Army Selected Reserve							
Part-time	4,175	4,215	4,310	4,400	4,505	4,585	1,140
Full-time (AGR)	1,325	1,380	1,765	2,265	2,660	2,935	4,415
Total	5,500	5,630	6,075	6,665	7,165	7,520	5,555

SOURCE: **Congressional Budget Office.**

a. **Adjusted for 3 percent pay raise, Oct 1, 1986.**

b. **Includes average reserve strength authorizations approved for fiscal year 1986.**

COMPARATIVE COST OF AGRs AND CIVILIAN TECHNICIANS USING A STAFFING GUIDE

1. Attached is a Staffing Guide for a typical infantry battalion. There are at least nine of them for each infantry division. The Staffing Guide itself was designed for AGRs. They occupy positions that are designated on the guide and are paid according to the pay grade that is indicated for each slot.

2. The Department of Defense has announced a plan, by which the relative pay of AGRs and Civilian Technicians can be determined. The plan has established that an O4 is the equivelent of a GS-10; an E-7 is the equivelent of a GS-7, etc. By using this comparative pay plan, it is possible to determine that cost of AGRs and technicians.

3. The median pay for each military and GS pay grades were used. The tax free payments, received by AGRs (BAQ, BAS, Variable Housing Allowance and monthly Clothing Allowance) are also included in the AGR payments. Exact figures were used for the BAQ and BAS. Average figures were used for the other other tax free payments. Aside from the median GS grade payments for technicians, their military payments are also included. Both are taxable.

4. The extra cost of AGRs for just one infantry battalion is $63,085. For nine battalions the number is $567,765!!! Since this is only for one division, the total cost for just infantry battalions is many millions of dollars.

5. However, the cost is even higher. The tax free payments represent a loss of revenue and must be considered in the final cost figure. AGRs have a tax free payment range of 20% to 40%. The average of all the tax free payments for the Staffing Guide attached is 36%. Therefore:

Total Cost of AGRs	$ 806,816 x 0.36
Tax Free Payments	$ 290,454

THEN

Tax Free Payments	$ 290,454
Extra Cost of AGRs	+ 63,085
	$ 353,539 (Total Cost of AGRs)

6. If one infantry battalion can cost that much extra money, when manned by AGRs, then the total cost of the AGR program can be considered as prohibitive. If there are only ten divisions in the National Guard and Reserves then:

   $353,539 x 90 = $31,818,510

7. Consider then all the other types of battalions, companies and support units necessary for the full array of the military. There is no doubt that the extra cost of AGRs is extremely high and in fact, reaches hundreds of millions of dollars!!

MTOE: 07015H0G04 | 1 BN, 69 INF | RQR STR: 831

HEADQUARTERS

PARA	LINE #	GRADE	DESCRIPTION	SSI/MOS	REQUIRED	INCUMBENT		TECH POS, IF
101	03	04	S-3	11A00		(AGR) $ 38,112	(CT) $ 32,948	
101	06	03	S-1	11B41	1	33,869	27,809	
~~107~~	~~08~~	~~W0~~	~~Unit Supply Tech~~	~~761A0~~	~~1~~			
103	04	E8	Opns SGT	11B50	1	31,803	26,944	
103	06	E7	Per Staff NCO	75Z40	1	27,219	24,037	
107	01	E7	Supply SGT	76Y40	1	27,219	24,037	
103	12	E6	Career Counselor	79D30	1	22,637	21,244	
103	11	E6	Chemical Staff NCO	54E30	1	22,637	21,244	
103	07	E5	Legal Clerk	71D20	1	20,150	18,969	
103	09	E4	Operations Assistant	11B10	1	17,873	17,714	
107	02	E4	General Supplyman	76Y10	1	17,873	17,714	
				SUBTOTAL		(AGR) $ 259,392	(CT) $ 232,978	

HEADQUARTERS COMPANY

RQR STR: 145

PARA	LINE #	GRADE	DESCRIPTION	SSI/MOS	REQUIRED	INCUMBENT		TECH POS, IF
3	05	E7	Tng NCO	11E43	1	(AGR) $ 27,219	(CT) $ 24,037	
102	04	E6	Supply SGT	76Y30	1	22,637	21,244	
102	05	E5	Unit Clerk	75B20	1	20,150	18,969	
		E5	Tng NCO		1	20,150	18,969	
102	06	E4	Armorer	76Y10	1	17,873	17,714	
				SUBTOTAL		(AGR) $ 108,029	(CT) $ 100,933	(AGR) $ 806,81 (CT) - 743,73
				TOTAL THIS PAGE		(AGR) $ 367,421	(CT) $ 333,911	$ 63,08
				TOTAL OF BOTH PAGES		(AGR) $ 806,816	(CT) $ 745,731	(Extra AGR Cost)

[illegible]: 0701[illegible]001 1 BN, 69 INF RQR STR: 831

(3) RIFLE COMPANIES , RQR STR: 179

PARA	LINE #	GRADE	DESCRIPTION		SSI/MOS	REQUIRED	INCUMBENT		TECH POS, IF AP
[illegible]	02	E7	Tng NCO	Co A	11C4S	1* (AGR)	$ 27,219	(CT) $ 24,037	
01	04	E6	Supply SGT		76Y30	1	22,637	21,244	
01	06	E5	Unit Clerk		75B20	1	20,150	13,909	
01	07	E4	Armorer		76Y10	1	17,373	17,714	
[illegible]	02	E7	Tng NCO	Co B	11C40	1*	27,219	24,037	
01	04	E6	Supply SGT		76Y30	1	22,637	21,244	
01	06	E5	Unit Clerk		75B20	1	20,150	18,969	
01	07	E4	Armorer		76Y10	1	17,373	17,714	
[illegible]	02	E7	Tng NCO	Co C	11C4S	1*	27,219	24,037	
11	04	E6	Supply SGT		76Y30	1	22,637	21,244	
11	06	E5	Unit Clerk		75B20	1	20,150	18,969	
11	07	E4	Armorer		76Y10	1	17,373	17,714	
					SUBTOTAL	(AGR)	$ 351,516	(CT) $ 327,856	

CSC INF BN RQR STR: 125

PARA	LINE #	GRADE	DESCRIPTION		SSI/MOS	REQUIRED	INCUMBENT		TECH POS, IF AP
[illegible]	02	E7	Tng NCO		[illegible]	1* (AGR)	$ 27,219	(CT) $ 24,037	
1	05	E6	Supply SGT		76Y30	1	22,637	21,244	
1	07	E5	Unit Clerk		75B20	1	20,150	18,969	
1	08	E4	Armorer		76Y10	1	17,373	17,714	
					SUBTOTAL	(AGR)	$ 87,879	(CT) $ 81,964	
					TOTAL THIS PAGE	(AGR)	$ 439,395	(CT) $ 409,820	

COMPARATIVE COST OF AGRs AND CIVILIAN TECHNICIANS USING A STAFFING GUIDE

1. AGRs are assigned jobs according to a Staffing Guide. Consequently, it is possible to ascertain how much each will cost the government. It is then possible to determine how much each civilian technician would cost the government if he were assigned the same duty. This position-for-position comparison again confirms the very high cost of the AGR program.

2. The methodology for computing the cost of AGRs and technicians is as follows:

   a. AGRs receive a base pay according to their grade, e.g., 04, 03, E8, E5, etc. By using the army's published pay table, the median pay for each grade can be easily determined. The BAQ and BAS can be determined more precisely. There are standard payments for each pay grade. An assumption was made that all AGRs have dependents. The Variable Housing Allowance and Clothing Allowance figures were determined by using the average payments for twenty-three AGRs in New York State for the year 1985. This gross amount can be found next to each slot on the attached Staffing Guide. The AGR column is indicated. Only the base pay is taxable. The others are tax free.

   b. The median pay for each pay grade of civilian technicians is also easily computed by referring to the General Schedule Pay Rates. As a condition of employment, technicians must belong to a National Guard or Reserve unit. Therefore, they are paid for forty-eight drills a year and a two week annual training tour. During that two week tour, they also receive BAQ and BAS. This gross amount can also be found on the attached Staffing Guide in the column indicated for civilian technicians (CT). Only the nominal amount represented by the BAQ and BAS for just two weeks is tax free. The other payments are fully taxable.

   c. The comparison between a military pay grade and a civilian GS rating is done in accordance with a plan published by DOD. They have established that an 04 is comparable with a GS-10; an E7 with a GS-7; an E4 with a GS-4, etc.

3. An examination of the Staffing Guide reveals that AGRs are more costly than technicians at every position. The final extra cost figure is given as $55,003. However, this is not a true cost figure for the government. The tax free payments for AGRs range from 20% to 40% of their gross payment. For the attached Staffing Guide, the average is 34% or $225,574 of the gross figure. Therefore, they only pay taxes on $437,880. On the other hand, the BAQ and BAS tax free payments given to technicians, comes to .01% of their yearly income and can be considered as negligable. Since AGRs pocket their tax free payments (it need not be declared on their income tax forms) the cost disparity between AGRs and technicians can be expressed as:

   $55,003 + $225,574 = $280,577 (extra cost of AGRs)

4. This is only for one battalion. When multiplied by the many hundreds of battalions in the National Guard and Reserves, the cost of the AGR program is literally in the hundreds of millions of dollars a year!!!

RCS-ARNGB-101 (R1)

Reporting State New York

As of ___1

ACTIVE DUTY GUARD/RESERVE-CONVERSION(AGR-C)

MTOE: 08035HNG01

102 Med Bn

PARA	LINE	GRADE	DESCRIPTION	SSI/MOS	REQUIRED	INCUMBENT GD/NAMs		SSN	EOD
						HEADQUARTERS - AGR			
101	03	04	S2/S3	67H00	1	(AGR) $ 38,112	(CT) $ 32,948		
101	05	03	S1	67F00	1	33,869	27,809		
105	01	02	Health Serv Mat Off	67K00	1	27,814	26,473		
101	07	E8	Operations SGT	91B50	1	31,803	26,944		
105	02	E7	Supply SGT	76Y40	1	27,219	24,037		
101	09	E7	Para Staff NCO	75Z40	1	27,219	24,037		
105	03	E7	Med Supply SGT	76J40	1	27,219	24,037		
101	14	E6	Reenlistment NCO	79D30	1	22,637	21,244		
101	10	E5	Legal Clerk	71D20	1	20,150	18,969		
101	11	E4	Clerk Typist	71L10	1	17,873	17,714		
105	07	E4	Supply Sp	76Y10	1	17,873	17,714		

PAGE 1 SUBTOTAL (AGR) $ 291,788 (CT) $ 261,926

PAGE 2 SUBTOTAL (AGR) 195,908 (CT) 182,797

PAGE 3 SUBTOTAL (AGR) 175,758 (CT) 163,728

GRAND TOTAL (AGR) 663,454 (CT) $ 608,451

(AGR) $ 663,454
(CT) - 608,451

EXTRA COST FOR AGR $ 55,003

RCS-ARNGB-101 (R1)
Reporting State New York
ACTIVE DUTY GUARD/RESERVE-CONVERSION(AGR-C)

as of

MTOE: 08035HN001

102 Med Bn

PARA	LINE	GRADE	DESCRIPTION	SSI/MOS	REQUIRED	INCUMBENT CD/NAME		SSN	EC
						HEADQUARTERS & COMPANY A - AGR			
101	08	E7	Tng NCO	91B40	1	(AGR) $ 27,219	(CT) $ 24,037		
108	06	E6	Supply SGT	76Y30	1	22,637	21,244		
		E5	Tng NCO		1	20,150	18,969		
108	08	E5	Unit Clerk	75B20	1	20,150	18,969		
108	10	E4	Armorer	76Y10	1	17,873	17,714		
				SUBTOTAL		(AGR) $ 108,029	(CT) $ 100,933		
						COMPANY B - AGR (CLOSED TO FEMALES)			
202	02	E7	Tng NCO	91B40	1	(AGR) $ 27,219	(CT) $ 24,037		
201	06	E6	Supply SGT	76Y30	1	22,637	21,244		
201	08	E5	Unit Clerk	75B20	1	20,150	18,969		
201	10	E4	Armorer	76Y10	1	17,873	17,714		
				SUBTOTAL		(AGR) $ 87,879	(CT) $ 81,864		

SUBTOTAL
THIS PAGE (AGR) $ 195,908 (CT) $ 182,797

RCS-ARNGR-101 (R1)
Reporting State New York
ACTIVE DUTY GUARD/RESERVE-CONVERSION(AGR-C)

As of ___

MTOE: 08035H0001

102 Med Bn

PARA	LINE	GRADE	DESCRIPTION	SSI/MOS	REQUIRED	INCUMBENT GD/NAME				SSN	EDD
						COMPANY C - AGR (CLOSED TO FEMALES)					
202	02	E7	Tng NCO	91B40	1	(AGR)	$ 27,219	(CT)	$ 24,037		
201	06	E6	Supply SGT	76Y30	1		22,637		21,244		
201	08	E5	Unit Clerk	75B20	1		20,150		18,969		
201	10	E4	Armorer	76Y10	1		17,873		17,714		
				SUBTOTAL		(AGR)	$ 87,879	(CT)	$ 81,864		
						COMPANY D - AGR (CLOSED TO FEMALES)					
203	08	E7	Tng NCO	91B30	1	(AGR)	$ 27,219	(CT)	$ 24,037		
201	06	E6	Supply SGT	76Y30	1		22,637		21,244		
201	08	E5	Unit Clerk	75B20	1		20,150		18,969		
201	10	E4	Armorer	76Y10	1		17,873		17,714		
				SUBTOTAL		(AGR)	$ 87,879	(CT)	$ 81,864		
				SUBTOTAL THIS PAGE		(AGR)	$ 175,758	(CT)	$ 163,728		

COMPARATIVE COST OF AGRs AND CIVILIAN TECHNICIANS USING A STAFFING GUIDE

1. AGRs are assigned jobs according to a Staffing Guide. Attached is a Staffing Guide for a Field Artillery Brigade, which is part of a Corps Support Command. It is possible to determine the comparative cost of AGRs and Civilian Technicians, by assigning each of those two groups to the job slots indicated, in accordance with a plan established by the Department of Defense. It has been established that an 03 is comparable with a GS-9; an E8 with a GS-8, etc.

2. The pay figures for AGRs include the median of the base pay for each grade, which is fully taxable. Also included, are the tax free payments which they receive monthly, such as, BAQ, BAS, Variable Housing Allowance and a Clothing Allowance. There are other tax free payments which they receive, but they are not included, because they are paid on a non-periodic basis. This lack of standardization precludes the possibilty of accuracy. Threrefore, they are not included.

3. The tax free payments which AGRs receive, represent a substantial amount of their gross income. It ranges from 20% of the highest ranking individual's pay to 40% of the gross pay for the lowest ranking AGRs. The average for all the AGRs on the attached Staffing Guide is 34%.

4. The pay figures for Civilian Technicians (CT) are the sum total of their civilian pay (median for each GS grade), their military pay and the insignificant amount of tax free pay (BAQ and BAS) which they get during their two week annual training tour. This tax free pay only comes to .01% of their gross pay. All other payments are fully taxable.

5. It is obvious that AGRs are more costly at each and every position. The overall extra cost of AGRs is $49,298 for just this one unit. However, that number is deceptive. It does not indicate the true cost of AGRs, because the tax free payments must be included. Therefore, the true cost of these AGRs can be represented as follows:

GRAND TOTAL FOR AGRs	x	% TAX FREE	=	TAX FREE PAY
$826,277	x	34%	=	$280,934

$ 280,934 (tax free pay)
48,298 (extra cost of AGRs)

$ 329,232 (true cost of AGRs)

6. This Staffing Guide represents only one type of unit found in the Army National Guard and Army Reserves. There are thousands of possible AGR positions in both of those Reserve Components. If one unit will cost the taxpayers an additional $329,232, then by extrapolation, it is easy to determine that the AGR program will cost the taxpayers over $200,000,000. This money can be saved by hiring Civilian Technicians.

Reporting State: [illegible]

[illegible] DUTY GUARD/RESERVE-CONVERSION(AGR-C)

UIC: [illegible]

TA [illegible]

PARA	LINE	GRADE	DESCRIPTION	SSI/MOS	REQUIRED	INCUMBENT GD/NAME		[illegible]	[illegible]	[illegible]
						HEADQUARTERS				
01	08	05	S3	13E00	1	(AGR) $ 44,246	(CT) $ 38,688	—	—	—
01	06	04	S1	41A00	1	38,112	32,948	—	—	—
01	09	04	S4	92B00	1	38,112	32,948	—	—	—
14	16	03	Counterfire Off	13D00	1	33,869	27,809	—	—	—
14	04	E9	Opns Sgt	13Z50	1	33,839	29,987	—	—	—
14	05	E8	Intel SGT	13W50	1	31,803	26,944	—	—	—
13	02	E8	Reenlistment NCO	79D5C	1	31,803	26,944	—	—	—
13	03	E8	Chief Supply SGT	76Z50	1	31,803	26,944	—	—	—
13	05	E7	Pers Staff NCO	75Z40	1	27,219	24,037	—	—	—
13	06	E5	Legal Clerk	71D20	1	20,150	18,969	—	—	—
14	12	E4	Clerk Typist	71L10	1	17,873	17,714	—	—	—
13	08	E4	Clerk Typist	71L10	1	17,873	17,714			
				SUBTOTAL		(AGR) $ 366,732	(CT) $ 348,590			
						HEADQUARTERS BATT'Y				
14	08	E7	Tng NCO	13E40	1	27,219	24,037	—		
12	03	E6	Supply SGT	76Y30	1	22,637	21,244	—	—	—
12	04	E5	Unit Clerk	75B20	1	20,150	18,969	—	—	—
		E5	Tng NCO		1	20,150	18,969	—	—	—
12	05	E4	Armorer	76Y10	1	17,873	17,714	—	—	—
				SUBTOTAL		(AGR) $ 108,029	(CT) $ 100,933			
			TOTAL FOR THIS PAGE			474,761	449,523			
			GRAND TOTAL FOR BOTH PAGES			(AGR) $ 826,277	(CT) $ 776,979			

(AGR) $ 826,277
(CT) - 776,979
(Extra AGR Cost).....$ 49,298

[illegible] GUARD/RESERVE-CO[illegible]

[illegible] 0E445[illegible]

1-BN 209 FA (CLOSED TO FEMALES)

PARA	LINE	GRADE	DESCRIPTION	ASI/MOS	REQUIRED	INCUMBENT GD/NAME		SSN	EOD	SRI
						BATTERY A				
203	03	E7	Tng NCO	13B40	1	(AGR) $ 27,219	(CT) $ 24,037			
201	05	E6	Supply SGT	76Y30	1	22,637	21,244			
201	07	E5	Unit Clerk	75B20	1	20,150	18,969			
201	10	E4	Armorer	76Y10	1	17,873	17,714			
						BATTERY B				
203	03	E7	Tng NCO	13B40	1	(AGR) $ 27,219	(CT) $ 24,037			
201	05	E6	Supply SGT	76Y30	1	22,637	21,244			
201	07	E5	Unit Clerk	75B20	1	20,150	18,969			
201	10	E4	Armorer	76Y10	1	17,873	17,714			
						BATTERY C				
203	03	E7	Tng NCO	13B40	1	(AGR) $ 27,219	(CT) $ 24,037			
201	05	E6	Supply SGT	76Y30	1	22,637	21,244			
201	07	E5	Unit Clerk	75B20	1	20,150	18,969			
201	10	E4	Armorer	76Y10	1	17,873	17,714			
						SERVICE BATTERY				
304	02	E7	Tng NCO	13B40	1	(AGR) $ 27,219	(CT) $ 24,037			
301	05	E6	Supply SGT	76Y30	1	22,637	21,244			
301	08	E5	Unit Clerk	75B20	1	20,150	18,969			
301	10	E4	Armorer	76Y10	1	17,873	17,714			
				TOTAL THIS PAGE		(AGR) $ 351,516	(CT) $ 327,456			

NO. 8

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LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985
SHOWING DUTY POSITION

PAGE 1

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
FILARECKI DONALD E	SFC7	75Z	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
HOGAN JOHN J	CPTE	11A	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
LEWIS KENNETH J	SFC7	76Y	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
NICOLELLA ANTHONY W	SSG6	11B	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
NORMANDEAU ARTHUR M	SFC7	76Y	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
RUKJEN ROBERT W JR	2LTS	11A	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
TALUTO JOSEPH J	LTCC	11A	HQ TRP CMD STARC NYARNG	195 WASHINGTON AVENUE	ALBANY	NY	12210
CERNEK SAMUEL J	CSM9	00Z	ARNG TRAINING SITE CP SMITH	CAMP SMITH	CP SMITH	NY	10566
CONTINI ALEXANDER F	SSG6	51T	ARNG TRAINING SITE CP SMITH	CAMP SMITH	CP SMITH	NY	10566
KELLEHER JOHN C	CW3V	761	ARNG TRAINING SITE CP SMITH	CAMP SMITH	CP SMITH	NY	10566
ABBATOY JAMES A	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ABBOTT KEVIN VAUGHN	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ADAMS BARBARA M	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ALDAN STEPHEN J	CPTE	41B	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
AMOROSI JOSEPH R	SP4M	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ANDERSON PAUL G	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ARMSTRONG KENNETH L	SFC7	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ASHLEY JAMES C	1LTF	95A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ASTACIO ADAM JR	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
AUCOY DENNIS F	SFC7	00F	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BADER KENNETH PAUL	SFC7	75Z	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BARBARO CHARLES J	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BAREFOOT HARRY F	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BARNARD ROBERT L	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BARNEY FRANCIS C	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BATZA SUZANNE PATRICIA	PV22	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BECK RICHARD J	COL6	01A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BECKER RICHARD B	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BENJAMIN GENTLE A	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BERAGA MIGUEL M	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BILLS NELSON L	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BLANCHARD WILLIAM E	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BOUHN HERBERT D JR	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BRAMAN GARY F	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BRENNAN DOUERDIA	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BROWN ELIZABETH MAY	SFC7	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BRUNO ANTINO G	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BRUNS ALAN R	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BRYANT SAMUEL JR	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
BUEHLER RICHARD F	MAJO	54A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CALDERON RANDALL	PSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CAMPOLI DENISE	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CARUSO DONALD A	SSG6	76Y	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CHAINEY HENDRICK J	LTCC	53B	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CHRISTIAN GEORGE A	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CLARK DANIEL L	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CLEMENTS FRANK A	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
CLOUTIER PATRICIA A	SFC7	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210

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REPORT DATE 11/26/85          LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985          PAGE   2
                                            SHOWING DUTY POSITION

     NAME                          GRADE DUTY      UNIT ADDRESS                 STREET ADDRESS          CITYADDR        STATE ZIP
                                         POSN                                                                               CODE

COBBS JOHN W                       SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
COLLORAFI JOSEPH                   LTCC  41A  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
COLLOTON PETER A                   CPTE  41B  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
CUSCIONE ANTHONY F                 SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
CRUZ NYDIA A                       SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
CUNNINGHAM RICHARD                 MSG8  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DEANGELIS HAROLD E                 SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DELCOSTELLO PHILIP                 SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DELONG DONALD A                    SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DIO SAM A                          SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DISALVO FRANK J                    SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DUCHINSKY JACOB A                  MSG8  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
DURANTE RICHARD                    SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
EMLING JOHN S                      SFC7  790  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FARROW KATHLEEN A                  SFC7  752  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FAUGHNAN MICHAEL J                 SFC7  790  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FELIX ALVARO                       SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FELTS KELLI A                      SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FERRARI MARK E                     MAJO  54A  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FINCH LINDA A                      SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FOLEY EDWARD J                     SFC7  790  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FORNEY BRIAN W                     SGT5  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FORNEY SHAWN F                     SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FORSHA MICHAEL THOMAS              SGT5  75F  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FOY BARBARA J                      SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FOY EDWARD J JR                    SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FRAZIER LOUIS J                    SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FRITTS CHARLES B                   CW4U  711  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FRONK KAREN A                      SFC7  752  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
FROST LESLIE B                     SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GALUSHA CHARLES D                  SFC7  790  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GARDE RICHARD C                    SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GARRETT JOHN T                     SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GARROW ROBERT R                    CW4U  711  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GARRY BRIAN P                      MAJO  41A  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GRAZIANO DOMINICK LUIGI            SFC7  790  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GREENIDGE LESLIE R                 SGT5  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
GUIDICE VITO J                     MSG8  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HALL DAVID M                       SGT5  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HALL SAMUEL J                      CPTE  67B  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HEMENWAY RONALD D                  SGM9  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HICKEY WILLIAM T                   SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HILL DWIGHT D                      SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HOFF WILLIAM E                     SSG6  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
HOFFMAN JAMI K                     SSG6  095  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
IRVINE JOSEPH J                    SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
JACKSON FELIX JR                   SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
JARVIS KENNETH E                   SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
JENKINS ALEX                       SFC7  00E  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
JOHNSON ORLANDO                    SFC7  790  HHD STARC NYARNG                 LARK & ELK STS          ALBANY          NY    12210
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REPORT DATE 11/26/85 LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985 PAGE 3
SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
JOHNSON WILLIAM E	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
JONES PHILIP H	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
JURACKA JEFFREY P	SSG6	752	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KAMPSULA JAMES R	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KEITH HENRY W	SFC7	752	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KEOUGH JAMES F	CPTE	450	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KERWIN JACQUELINE A	SP44	75A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KISSELBRACK EDWARD	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KNICKERBOCKER BARBA	SFC7	76Y	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KUSOBUCKI MARK E	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
KURTZ ANDREW L	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LAMOUNTAIN SABRINA	SSG6	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LAPPLE CHARLES D	SFC7	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LAWRENCE ERNEST W	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LEE JAMES A	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LEVINE ROBERT M	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LEWIS ANSELL R	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LEWIS HERBERT J JR	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LONERGAN MICHAEL E	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LUCIANO VINCENT E	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LUPKE CHARLES A	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
LUPKE PERRY ARTHUR	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MACKES MICHAEL	CPT3	11A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MAGNUSSEN RUSSELL G	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MARSELL DAVID G	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MARTIN MICHAEL C	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MASON JUNIOUS A	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MCCOOL TIMOTHY J	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MCCLOON JOHN P	SP44	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MCNAMARA ROBERT FRANCIS JR	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MEDINA RAUL JR	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MERCEDMORENO PABLO	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MORELLI GEORGE A	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MORSE ROBERT D	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MOSSO EDWARD W	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MUNOZ EDWIN	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MURPHY DENNIS M	1LTF	V2A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
MUSTICOSACCO ROBERTA M	CPTE	41A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
NACCARI AUGUST A	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
NARDINI EDWARD J	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
NOVAK PATRICIA A	SFC7	752	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
NUGENT GEORGE J	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
NULTY GLENN A	SFC7	75C	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
OHALLORAN MICHAEL J	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
OLIVA PHILIP A	SGM9	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
OTERO ANGELO A	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PARISI HERBERT C	MSG8	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PEASLAND HARRY F	SFC7	79D	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PEREZ JOHN A JR	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PHELPS RUSSELL J	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210

REPORT DATE 11/26/85

LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985
SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
PHILLIS DAVID A	SFC7	752	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PITTS RONALD WAYNE	SSG6	730	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PULIZZI ANTHONY J	SFC7	790	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
POWERS RONALD H	SFC7	790	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PRATT JERRY A	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PRIMEAU DIANE R	SGT5	75F	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
PROSS LARRISON D	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
QUICK KENNETH S	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
RAPPLEYEA CHARLES A	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ROMANOWSKI JAMES	SP44	75F	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ROSS WILLIAM C JR	CW2W	100	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ROWLANDS RICHARD E	MAJ0	55A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
RUBY HARRY F	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
RUBY JOHN EDWARD	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SANERO HERBERT H JR	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SATTAUR KAMIL	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SCANIO RUSSELL P	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SCHUM ALAN D	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SERAFIN EDWARD A	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SLOVER PETER H	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SMITH ALAN F	SFC7	790	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SUDANO CELESTE J	CPT3	92A	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SUTO MARIA C	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
SOVEREIGN DANIEL W	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
STEGLEIN KARL J	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
STIFFLER JOHN C	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
STODDARD BRUCE R	SGT5	75F	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
STRAUS KARL J	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
TAYLOR PIERRE R	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
THOMPSON DWIGHT DOUGLAS	MSG8	752	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
TILLMAN VICKY L	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
TORRES ANTONIA C	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
TRAMUCCO FRANK V	MSG8	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
TURNER JERRY T	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
TYOUSH FRANK L IV	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
UMPIERRE DAVID R	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
VANBERGEN GEORGE I	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
VINK KAREN MARIE	SFC7	752	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
VIOLA PAMELA A	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
VISSCHER WILLIAM S	SSG6	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
VORBACH EDWARD A	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WARNER JOHN JAY	SGT5	71L	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WALSH MICHAEL STANCZAK	SGT5	75F	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WILKINSON MARK R	CW2W	100	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WILLIAMS JAMES H	SGT5	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WILLS JOSEPH A JR	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WOLF KENNETH H	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
WOROBEY MICHAEL J	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
ZIEGLER GERARD A	SFC7	00E	HHD STARC NYARNG	LARK & ELK STS	ALBANY	NY	12210
GOVERNOR KENNETH F	CPT3	420	HHB 209 FA BDE	145 CULVER ROAD	ROCHESTER	NY	14620

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SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
LEWIS DAVID S	SSG8	76Y	HHB 209 FA BDE	145 CULVER ROAD	ROCHESTER	NY	14620
NEWMAN ROLLISON L	SFC7	13B	HHB 209 FA BDE	145 CULVER ROAD	ROCHESTER	NY	14620
BROOKS DALE K	SSG6	76Y	BTRY A 209 FA BN	900 EAST MAIN STREET	ROCHESTER	NY	14605
GAYLORD EDWARD A	SFC7	13B	BTRY A 209 FA BN	900 EAST MAIN STREET	ROCHESTER	NY	14605
NOWAK GEORGE JOHN	SGT5	75B	BTRY A 209 FA BN	900 EAST MAIN STREET	ROCHESTER	NY	14605
SPENCER THOMAS G	SGT5	76Y	BTRY A 209 FA BN	900 EAST MAIN STREET	ROCHESTER	NY	14605
MCFAYDEN CARLTON	SP44	76Y	BTRY B 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
WEBB JAMES E	SSG6	13B	BTRY B 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
DELEO RONALD M	PFC3	76Y	BTRY C 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
HARRINGTON TERRY L	SP44	76Y	BTRY C 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
WILLIAMS JAMES W JR	SFC7	13B	BTRY C 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
RYAN MATTHEW J JR	SSG8	13B	SVC BTRY 209 FA BN	900 EAST MAIN STREET	ROCHESTER	NY	14605
BUCHANAN PAUL M	SSG5	82C	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
ELLWANGER THOMAS E	SP44	71L	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
GREEN CHARLES D	SSG6	54E	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
PIERCE ROY E	MAJ0	13E	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
PLAISTED PAUL E	PV22	91A	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
RAPONE GEORGE A JR	SSG6	76Y	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
RILEY PERRY J	SP44	71D	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
URINO RICHARD P	CPT3	13E	HHB 209 FA BN (8 IN SP)	900 EAST MAIN STREET	ROCHESTER	NY	14605
BETANCOURT ROBERT	SP44	13B	BTRY A 187 FA BN (105MM T)	1402 8TH AVENUE	BROOKLYN	NY	11215
NAUDUS ANTHONY J JR	SSG6	76Y	BTRY B 187 FA BN	1402 8TH AVENUE	BROOKLYN	NY	11215
PULLUM LARRY J	SGT5	13B	BTRY B 187 FA BN	1402 8TH AVENUE	BROOKLYN	NY	11215
CORDERO LORENZO	SSG6	76Y	BTRY C 187 FA BN	1402 8TH AVENUE	BROOKLYN	NY	11215
LARDELL EDDIE D	SGT5	13B	BTRY C 187 FA BN	1402 8TH AVENUE	BROOKLYN	NY	11215
RODRIGUEZ MAURICE	SP44	13B	SVC BTRY 187 FA BN	1402 8TH AVENUE	BROOKLYN	NY	11215
MORALES DOMINGO JR	SGT5	13E	HHB 187 FA BN (105MM T)	1402 8TH AVENUE	BROOKLYN	NY	11215
WULLNER ERICH H	SSG6	76Y	HHB 187 FA BN (105MM T)	1402 8TH AVENUE	BROOKLYN	NY	11215
MANNS TOMMIE LEE	SSG6	11B	CO A 1 BN 174 INF	27 MASTEN AVENUE	BUFFALO	NY	14204
CUTHBERT WILLIAM J	SSG6	76Y	CO A 1 BN 174 INF	27 MASTEN AVENUE	BUFFALO	NY	14204
SPENCER GORDON R	SSG6	11B	CO B (-) 1 BN 174 INF	79 DELAWARE AVENUE	TONAWANDA	NY	14150
CLAYDON RICHARD T	SSG6	11B	CO C 1 BN 174 INF	235 STATE STREET	BATAVIA	NY	14020
DELANEY MICHAEL W	SSG5	11B	SPT CO 1 BN 174 INF	79 DELAWARE AVENUE	TONAWANDA	NY	14152
DRABEK DANIEL J	SFC7	11B	HHC 1 BN 174 INF	27 MASTEN AVENUE	BUFFALO	NY	14204
GALLISDORFER GERARD	SSG6	76Y	HHC 1 BN 174 INF	27 MASTEN AVENUE	BUFFALO	NY	14204

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SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
HAVENS ROBERT J	SSG6	19E	CO A 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
CLARK EDWARD E JR	PSGX	19E	CO B 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
COLUMBUS ALAN R	SGT5	75B	CO B 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
VACARELLI FRANK C J	SSG6	76Y	CO B 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
HAYNES DENNIS M	SSG6	19E	CO C 1 BN 210 ARMOR (TANK)	CHURCH & ELM STS	HOOSICK FALLS	NY	12090
BLAISE ALAN P	SSG6	19E	SPT CO 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
GRANDCHAMP LARRY G	SSG6	76Y	SPT CO 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
DEFELICE THOMAS A	SFC7	76Y	HHC 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
FORD ARCHER C	SSG6	19D	HHC 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
NAGLE ROBERT M	CPTE	12B	HHC 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
WATSON WILLIAM B III	1LTF	12B	HHC 1 BN 210 ARMOR (TANK)	NEW SCOTLAND AVENUE	ALBANY	NY	12208
JEFFERY DELBERT W	2LTG	92B	HHC 27 BDE 42 INF DIV	1055 EAST GENESEE ST	SYRACUSE	NY	13210
HANNA RUSSELL P	SGT5	76W	HHC 27 BDE 42 INF DIV	1055 EAST GENESEE ST	SYRACUSE	NY	13210
BARLOW JEFFREY P	SSG6	11B	CO A 1 BN 108 INF (MECH)	217 CEDAR STREET	ONEIDA	NY	13905
MCCONKEY BERNARD E	PSGX	11B	CO A 1 BN 108 INF (MECH)	217 CEDAR STREET	ONEIDA	NY	13905
BALLOS MICHAEL C	SFC7	11B	CO B 1 BN 108 INF (MECH)	25 WHEELER AVENUE	CORTLAND	NY	13045
LOWELL JOHN S	SGT5	76Y	CO C 1 BN 108 INF (MECH)	1110 BLACK RIVER BLVD	ROME	NY	13440
VANATTA LEO E	PSGX	11B	CO C 1 BN 108 INF (MECH)	1110 BLACK RIVER BLVD	ROME	NY	13440
RUMSON LANCE L	PSGX	11C	SPT CO 1 BN 108 INF (MECH)	174 SOUTH STREET	AUBURN	NY	13201
BURKE FREDERICK R	SFC7	11B	HHC 1 BN 108 INF (MECH)	174 SOUTH STREET	AUBURN	NY	13022
RAMSDEN JOHN H	SGT5	79D	HHC 1 BN 108 INF (MECH)	174 SOUTH STREET	AUBURN	NY	13022
DUTTON CHARLES S	PSGX	11B	CO A 2 BN 108 INF	225 ELIZABETH STREET	OGDENSBURG	NY	13669
MALONEY JOSEPH R	SSG6	76Y	CO A 2 BN 108 INF	225 ELIZABETH STREET	OGDENSBURG	NY	13669
STEENBERGE RONALD L	SSG6	11B	CO B 2 BN 108 INF	116 WEST MAIN STREET	MALONE	NY	12953
STEVENS DAVID L	PSGX	11B	CO B 2 BN 108 INF	116 WEST MAIN STREET	MALONE	NY	12953
MARTIN KENNETH R	SSG6	11C	CO C 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
THOMAS KENNETH J	SSG6	11C	SPT CO 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
BARNES NED W	SSG6	76Y	HHC 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
COUNTERMAN HOLLAND	SFC7	75Z	HHC 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
FIORETTO ANTHONY	SFC7	11B	HHC 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
HAWKEN ARMEEN	SSG6	77D	HHC 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
WORTHAM FLOYD E JR	SFC7	54E	HHC 2 BN 108 INF	236 WEST JEFFERSON STREET	SYRACUSE	NY	13202
HARMANN MICHAEL J	SGT5	75B	CO A 1 BN 127 ARMOR (TANK)	MAIN & NEWTON STREETS	DUNKIRK	NY	14048

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LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985
SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
KULPA DENNIS P	SSG9	19E	CO A 1 BN 127 ARMOR (TANK)	MAIN & NEWTON STREETS	DUNKIRK	NY	14048
ZAGACEWSKI STANLEY	PSGX	19E	CO B 1BN 127 ARMOR (TANK)	PORTER AVENUE & FRONT STREET	JAMESTOWN	NY	14701
KARA KEVIN J	PESX	19E	CO C 1 BN 127 ARMOR (TANK)	119 TIMES SQUARE	OLEAN	NY	14760
CANOSA CHARLES V	PSGX	19D	SPT CO 1 BN 127 ARMOR	901 MAIN STREET	NIAGARA FALLS	NY	14301
GATES JAMES A	SFC7	19E	HHC 1 BN 127 ARMOR (TANK)	27 MASTEN AVENUE	BUFFALO	NY	14204
HUGHSON RICHARD T	CPL4	76Y	CO A 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
WALTERS RONALD J	SFC7	12B	CO A 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
GILINGER CHARLES H	SFC7	12B	CO B 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
BULLOCK THOMAS J	SFC7	12B	CO C 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
PILC PETER M	SFC7	12B	CO D 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
FRANCIS DANIEL L	SP4M	71L	HHC 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
HEROD FRANK V	SFC7	51H	HHC 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
HUFFMAN RICHARD F	SSG6	76Y	HHC 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
KUHN RICHARD J	SFC7	76P	HHC 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
SAELZLER NORMAN K	MSG3	12Z	HHC 152 ENGR BN	184 CONNECTICUT STREET	BUFFALO	NY	14213
MCKENNA PETER J	SFC7	13B	BTRY A 1 BN 156 FA (155 T)	61 MARKET STREET	POUGHKEEPSIE	NY	12601
PASTORE FRANCIS X	SSG6	76Y	BTRY B 156 FA (155 T)	355 SOUTH WILLIAM STREET	NEWBURGH	NY	12550
CHILDS THOMAS J	SFC7	13E	BTRY C 156 FA (155 T)	355 SOUTH WILLIAM STREET	NEWBURGH	NY	12550
MACEYAK JOHN J JR	SSG6	76Y	BTRY C 156 FA (155 T)	355 SOUTH WILLIAM STREET	NEWBURGH	NY	12550
CHORIN THOMAS J	SSG6	76Y	SVC BTRY 156 FA (155 T)	NORTH MANOR ROAD	KINGSTON	NY	12401
SVEC STEVEN R	SFC7	13B	SVC BTRY 156 FA (155 T)	NORTH MANOR ROAD	KINGSTON	NY	12401
BUMER KARL E	SSG6	91B	HHB 156 FA (155 T)	NORTH MANOR ROAD	KINGSTON	NY	12550
CALDERON HECTOR L	SGT5	54E	HHC 2 BDE 42 INF DIV	643 PARK AVENUE	NEW YORK	NY	10021
PEREZ JAMES A	SSG6	75Y	HHC 2 BDE 42 INF DIV	643 PARK AVENUE	NEW YORK	NY	10021
METROSIO JOSEPH W	SSG6	76Y	HHB DIVARTY 42 INF DIV	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
PECK HERBERT C JR	SFC7	17C	HHB DIVARTY 42 INF DIV	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
ROMAN JESUS	SFC7	13E	HHB DIVARTY 42 INF DIV	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
AUBAIN PHYLLIS J	SGT5	71M	HHC 42 INF DISCOM	125 WEST 14TH STREET	NEW YORK	NY	10011
GUSTAVE LUC R	CPTE	91X	HHC 42 INF DISCOM	125 WEST 14TH STREET	NEW YORK	NY	10011
RHODES RICHARD A	MAJ3	91X	HHC 42 INF DISCOM	125 WEST 14TH STREET	NEW YORK	NY	10011
AMOROSO CHARLES M	CW2W	711	DET 1 42 AG CO	LARK 7 ELK STREETS	ALBANY	NY	12210
BANKS TERESA J	SP4M	71L	DET 1 42 AG CO	LARK 7 ELK STREETS	ALBANY	NY	12210

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REPORT DATE 11/26/85          LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985          PAGE    8
                                         SHOWING DUTY POSITION

    NAME                         GRADE DUTY      UNIT ADDRESS                    STREET ADDRESS           CITYADDR          STATE ZIP
                                       POSN                                                                                   CODE

BESAW ELLEN MARIE                SP44  71L DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
BLACKMAN GEORGE ALLISON JR       SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
BOHANSKE DIANNE A                SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
BROWN GEORGE F                   SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
BULLIS MICHAEL A                 PSG5  75Z DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
FARROW ROBERT L                  SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
FAZIO BERNADETTE                 SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
FERGUSON CAROL A                 SFC7  75Z DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
FILUTA CHRISTINE M               SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
GLAULE TROY T                    PFC3  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
GRANDT GEORGE J                  SSG6  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
GRATTON ROY G JR                 SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
HEWETT DOUGLAS A                 SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
JOHNSON FAITH D                  SP44  71L DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
KNUTKA EDWARD J                  CW2W  711 DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
LEE STEPHEN D                    SSG6  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
MCGUIRE FRANCIS A                SSG6  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
MURPHY ANN                       SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
NOVAK BETH E                     SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
ONEIL JOYCE M                    SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
POTTS DOMINICK MORRIS            SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
RAY EVELYN JOAN                  SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
SAGLIUCCA MICHAEL J              SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
SCHROEDER JILL M                 SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
SEGUINE EVELYN R                 SP44  71L DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
TRUMBLE WILLIAM J                SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
TUNE VERNA E                     SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
WILSEY MICHELLE A                SGT5  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210
WINTERS JEFFREY J                SP44  75D DET 1 42 AG CO                       LARK 7 ELK STREETS       ALBANY              NY  12210

BENSCHOP ALBRECHT A              SSG6  75C 42 AG CO (-)                         125 WEST 14TH STREET     NEW YORK            NY  10011
KOLODKIN RICHARD E               SFC7  75Z 42 AG CO (-)                         125 WEST 14TH STREET     NEW YORK            NY  10011
HUAMAN LYDIA A                   PFC3  76Y 42 AG CO (-)                         125 WEST 14TH STREET     NEW YORK            NY  10011
PALESE MICHAEL R                 SFC7  75Z 42 AG CO (-)                         125 WEST 14TH STREET     NEW YORK            NY  10011
RIOSSANTANA MIGUEL               SSG6  76Y 42 AG CO (-)                         125 WEST 14TH STREET     NEW YORK            NY  10011

DUNN EUGENE JR                   SSG6  76W CO A 42D S&T BN                      1579 BEDFORD AVENUE      BROOKLYN            NY  11225
WAINWRIGHT EARL D                SGT5  76Y CO A 42D S&T BN                      1579 BEDFORD AVENUE      BROOKLYN            NY  11225

HERRERA PABLO JR                 SSG6  09S CO B 42D S&T BN                      1579 BEDFORD AVENUE      BROOKLYN            NY  11225

JONES GERALDINE                  SSG6  76Y HHD 42D S&T BN                       1579 BEDFORD AVENUE      BROOKLYN            NY  11225
JONES ROSEMARY                   SGT5  75Y HHD 42D S&T BN                       1579 BEDFORD AVENUE      BROOKLYN            NY  11225
RIGNEY RICHARD R                 SSG6  76Y HHD 42D S&T BN                       1579 BEDFORD AVENUE      BROOKLYN            NY  11225
RIVERA EDWIN I                   MAJO  92A HHD 42D S&T BN                       1579 BEDFORD AVENUE      BROOKLYN            NY  11225

MARTINEZ JOSEPH A                SFC7  63H CO B 42D MAINT BN FWD SPT            29 W KINGSBRIDGE ROAD    BRONX               NY  10468
RODRIGUEZ FRANKIE                SGT5  76Y CO B 42D MAINT BN FWD SPT            29 W KINGSBRIDGE ROAD    BRONX               NY  10468

HOUSE JEFFREY                    SSG6  63H CO C 42D MAINT BN (FWD SPT)          29 W KINGSBRIDGE ROAD    BRONX               NY  10468
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SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
HOUSE RONALD W	SSG6	76Y	CO D 42D MAINT BN (FWD SPT)	PARKWAY EAST	UTICA	NY	13501
GAUDIO RALPH	SFC7	27E	CO B 42 MAINT BN (MSL SPT)	125 WASHINGTON AVENUE	SCHENECTADY	NY	12305
ROSSI VINCENT D	SGT5	27E	CO B 42 MAINT BN (MSL SPT)	125 WASHINGTON AVENUE	SCHENECTADY	NY	12305
AMATRUDO EMANUEL J	CPTE	91A	HQ & CO A 42 MAINT BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
LUM BENSON W	CPTE	91A	HQ & CO A 42 MAINT BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
SANTOS RAYMOND	SSG6	54E	HQ & CO A 42 MAINT BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
THOMPSON JOSEPH M	SGT5	76P	HQ & CO A 42 MAINT BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
CERASOLI ANTHONY J	SGM9	11Z	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
CICCARELLI DOMINICK	MSG8	76Z	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
DONOVAN JEWELRI JUDY JULIAN	SGT5	71C	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
ESAW MARKY L	SP4M	71C	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
FITJE CARL J	SFC7	11B	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
FITZSIMMONS THOMAS	SGM9	75Z	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
FRIESS RICHARD C	COL8	11X	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
LAUDA RAFAEL	SSG6	71C	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
SUNSHINE ROBERT E	SFC7	11B	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
VARIAN WILLARD W	CPTE	41A	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
VORLICEK WILLIAM J	MAJD	55A	HHC 42 INF DIV	125 W 14TH STREET	NEW YORK	NY	10011
MAGRANE ROBERT L	PSG7	95B	42 MP CO (-)	955 WASHINGTON STREET	PEEKSKILL	NY	10566
SMITH JOHN A	SSG6	76Y	42 MP CO (-)	955 WASHINGTON STREET	PEEKSKILL	NY	10566
STELLA ANDREW M	SGT5	95B	42 MP CO (-)	955 WASHINGTON STREET	PEEKSKILL	NY	10566
OMALLEY PETER E	CW4U	100	CO A 42 AVN BN (CBT)	63 BABYLON TURNPIKE	FREEPORT	NY	11520
WALSH MATTHEW T	SSG6	76Y	CO A 42 AVN BN (CBT)	63 BABYLON TURNPIKE	FREEPORT	NY	11520
ARNOLD MANLON R	MAJD	15C	CO B 42 AVN BN (CBT)	POB F LASALLE STATION	NIAGARA FALLS	NY	14304
PIECUIL MICHAEL R	SSG6	93P	CO B 42 AVN BN (CBT)	POB F LASALLE STATION	NIAGARA FALLS	NY	14304
GARDNER DONALD W	SSG6	31C	CO D 42 AVN BN	195 WASHINGTON AVENUE	ALBANY	NY	12210
MCCOMB JOSEPH D	SSG6	76Y	CO D 42 AVN BN	195 WASHINGTON AVENUE	ALBANY	NY	12210
MCMURRY TIMOTHY M	SGT5	76C	CO D 42 AVN BN	195 WASHINGTON AVENUE	ALBANY	NY	12210
WADSWORTH WILLIAM M	CPTE	15B	CO D 42 AVN BN	195 WASHINGTON AVENUE	ALBANY	NY	12210
FREVELE PAUL A JR	SSG6	67T	HHC 42 AVN BN	63 BABYLON TURNPIKE	FREEPORT	NY	11520
RUZICKA JOHN R	CPTE	15C	HHC 42 AVN BN	63 BABYLON TURNPIKE	FREEPORT	NY	11520
TROY CHARLES E	SFC7	76Y	HHC 42 AVN BN	63 BABYLON TURNPIKE	FREEPORT	NY	11520
BISHOP LAWRENCE W	MAJD	92B	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
FEARNSIDE RICHARD F	PSG7	96B	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
GALLERIE SCOTT FRANCIS	2LT7	11A	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
GENSINGER WILLIAM H	SFC7	75Z	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
GNICAS DAVE	MSG8	11B	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
GUZMAN FLOYD A JR	SP4	71D	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
MCNUTT MICHAEL D	LTCC	11X	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
ROY DONALD E	SSG6	76Y	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180

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LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985
SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
BLAGEN JAMES A	MAJO	01A	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
THOMPSON LUKE S	PFC3	71L	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
VANCORT MARK W	SGT5	75B	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
WHITNEY GAEW L	SP4M	71L	HHC 1 BDE 42 INF DIV	GLENMORE ROAD	TROY	NY	12180
CRUZADO MIGUEL A	PSGX	11C	CO A 1 BN 69 INF	68 LEXINGTON AVENUE	NEW YORK	NY	10010
BUCKLEY CHARLES J	PSGX	11B	CO B 1 BN 69 INF	68 LEXINGTON AVENUE	NEW YORK	NY	10010
MARTINO NELSON	SSG6	11B	CO C 1 BN 69 INF	68 LEXINGTON AVENUE	NEW YORK	NY	10010
VASQUEZ EDWARD	SGT5	76Y	CO C 1 BN 69 INF	68 LEXINGTON AVENUE	NEW YORK	NY	10010
CABASSA ALEX	PSGX	11B	SPT CO 1 BN 69 INF	68 LEXINGTON AVENUE	NEW YORK	NY	10010
STRAUSS EMANUEL	SFC7	11B	HHC 1 BN 69 INF	68 LEXINGTON AVENUE	NEW YORK	NY	10010
ORLANDO VITO W	PSGX	11B	CO A 1 BN 71 INF	70 BRENTWOOD ROAD	BAY SHORE	NY	11706
BANNING THOMAS L JR	SSG6	11B	CO D 1 BN 71 INF	1522 BEDFORD AVENUE	BROOKLYN	NY	11216
BROOKS ROBERT J	SGT5	76Y	CO C 1 BN 71 INF	93-05 168TH STREET	JAMAICA	NY	11433
DICAMILLO ROBERT D	PSGX	11B	SPT CO 1 BN 71 INF	100 BARTON AVENUE	PATCHOGUE	NY	11772
TARDONA JOHN	SSG6	76Y	SPT CO 1 BN 71 INF	100 BARTON AVENUE	PATCHOGUE	NY	11772
SPINELLI RICHARD A	SFC7	75Z	HHC 1 BN 71 INF	125 WEST 14TH STREET	NEW YORK	NY	10011
ZIEGELER PETER R	SGT5	75E	TRP A 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10010
ALEXANDER MALCOLM A	SSG6	76Y	TRP B 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
BURKEY WILLIAM R	1SG8	19D	TRP B 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
CERRITO JOSEPH C	SSG6	19E	TRP C 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
GIZA CHESTER J	SSG6	19D	HHT 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
JOINER CHARLIE LEE	SSG6	75Z	HHT 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
SOMMA MICHAEL J JR	SSG6	76Y	HHT 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
TENNERIELLO MICHAEL	SFC7	76Y	HHT 1 SQDN 101 CAV	321 MANOR ROAD	STATEN ISLAND	NY	10314
ROBINSON GERALYN M	SSG6	91J	CO D 102 MED BN	27 MASTEN AVENUE	BUFFALO	NY	[redacted]64
BRACCO PAUL A	SFC7	76Y	HQ & CO A 102 MED BN	68 LEXINGTON AVENUE	NEW YORK	NY	10010
CASTILLO TOMASA	SSG6	91B	HQ & CO A 102 MED BN	68 LEXINGTON AVENUE	NEW YORK	NY	10010
LAKE DAVID C JR	SSG6	12B	CO B 102 ENGR BN	2366 5TH AVENUE	NEW YORK	NY	10037
HALL DEAN D	SSG6	76Y	CO C 102 ENGR BN	153 WILLOW STREET	LOCKPORT	NY	14094
RIVERS LEON R	SSG6	12B	CO C 102 ENGR BN	154 WILLOW STREET	LOCKPORT	NY	14094
FORTUNATO JOSEPH R	SFC7	31V	HHC 102 ENGR BN	216 FT WASHINGTON AVENUE	NEW YORK	NY	10032

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LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985
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NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
RYAN DENNIS P	SFC7	13B	BTRY A 2 BN 104 FA (105MM T)	9305 168TH STREET	JAMAICA	NY	11433
SANTANGELO SALVATOR	SFC7	13B	BTRY C 2 BN 104 FA (105MM T)	9305 168TH STREET	JAMAICA	NY	11433
SAVASTANO RICHARD J	SSG6	13B	BTRY C 2 BN 104 FA (105MM T)	9305 168TH STREET	JAMAICA	NY	11433
LUCHIN JOHN	SFC7	76Y	SVC BTRY 2 BN 104 FA	9305 168TH STREET	JAMAICA	NY	11433
BECKER HERBERT H	SFC7	31V	HHB 2 BN 104 FA (105 MM T)	9305 168TH STREET	JAMAICA	NY	11433
HETLIGER CALVIN A	CPL4	76Y	HHB 2 BN 104 FA (105 MM T)	9305 168TH STREET	JAMAICA	NY	11433
MCDERMOTT BERNARD P	SFC7	75Z	HHB 2 BN 104 FA (105 MM T)	9305 168TH STREET	JAMAICA	NY	11433
ROBINSON ROBERT E	SGT5	31V	BTRY A 1 BN 105 FA (105 MM T)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
TUCCIARIELLO DONALD	SFC7	75Z	BTRY C 1 BN 105 FA (105 MM T)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
APONTE ANGEL JR	SGT5	13B	SVC BTRY 1 BN 105 FA (105MM T)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
ARROYO MARIO	SSG6	76Y	SVC BTRY 1 BN 105 FA (105MM T)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
JOHNSON JOHN J	SFC7	13B	SVC BTRY 1 BN 105 FA (105MM T)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
RAMOS FREDDIE	SFC7	13B	HHB 1 BN 105 FA (105 MM T)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
JACK PETER E	SSG6	11B	CO A 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
SEBASTIAN MICHAEL A	PV22	75B	CO B 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
MENDOZA VICTOR M	SSG6	76Y	CO C 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
ROMAN GEORGE L JR	SSG6	11B	SPT CO 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
FLORES VICTOR D	1LTF	11A	HHC 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
NATURAL RUSSELL D	PSGX	11B	HHC 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
THOMPSON JEFFREY W	SGT5	75B	HHC 1 BN 107 INF	643 PARK AVENUE	NEW YORK	NY	10021
CENIGLIO JAMES J	SFC7	31Z	CO A 242 SIG BN	216 WASHINGTON STREET	HEMPSTEAD	NY	11550
IRIZARRY ADALBERTO	SSG6	76Y	CO B 242 SIG BN	216 WASHINGTON STREET	HEMPSTEAD	NY	11550
MCGOVERN WAYNE T	PSGX	31Z	CO B 242 SIG BN	216 WASHINGTON STREET	HEMPSTEAD	NY	11550
BOMBARDIERE SALVATO	SP44	76Y	CO C 242 SIG BN	100 E 5TH STREET	HUNTINGTON STATN	NY	11746
TERAMESI THOMAS J	SFC7	31Z	CO C 242 SIG BN	100 E 5TH STREET	HUNTINGTON STATN	NY	11746
BRANNAN YORK	SFC7	31Z	HHC 242 SIG BN	216 WASHINGTON STREET	HEMPSTEAD	NY	11550
BRAUN DENNIS F	CW2W	290	HHC 242 SIG BN	216 WASHINGTON STREET	HEMPSTEAD	NY	11550
HENN EUGENE F	1LTF	25A	HHC 242 SIG BN	216 WASHINGTON STREET	HEMPSTEAD	NY	11550
RODRIGUEZRAMIREZ GE	SFC7	13B	BTRY A 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
MARTIN CARLOS R	SGT5	13B	BTRY B 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
RODRIGUEZ JAIME	SGT5	13B	BTRY C 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468

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NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
ALFALLA ALBERT	SSG6	136	BTRY B 258 FA BN (8 IN SP)	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
LOMBARDI LAWRENCE FRANCIS	SFC7	76Y	SVC BTRY 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
RODRIGUEZ VICTOR M	SGT5	136	SVC BTRY 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
RIVERA ANGELO L	SGT5	79D	HHB 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
SANES CARLOS J	SFC7	42C	HHB 258 FA BN	29 W KINGSBRIDGE ROAD	BRONX	NY	10468
GANCEA NICHOLAS E	SSG6	76Y	107 MP CO	PARKWAY EAST	UTICA	NY	13501
PODAGROSI PETER P	SFC7	95B	107 MP CO	PARKWAY EAST	UTICA	NY	13501
ANCONA JOSEPH P	SFC7	95B	HHD 102 MP BN	PARKWAY EAST	UTICA	NY	13501
REALE MICHAEL J	SSG6	76Y	HHD 102 MP BN	PARKWAY EAST	UTICA	NY	13501
ROCKWELL RONALD L	SSG6	79D	HHD 102 MP BN	PARKWAY EAST	UTICA	NY	13501
BODT WILLIAM H	SGT5	91C	HHD 106 MAINT BN (GS DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
CONTRERA JOHN	SFC7	75Z	HHD 106 MAINT BN (GS DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
MATHERS WILLIAM C	1LT6	91A	HHD 106 MAINT BN (GS DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
DEYO GERALD A	SGT5	62B	145 MAINT CO (FWD DS)	265 WEST 1ST STREET	OSWEGO	NY	13126
CASTRO TITO G	SP44	76Y	102 MAINT CO (FWD DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
HERNANDEZ PEDRO J	SSG6	52D	102 MAINT CO (FWD DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
ISLEY ANVILLA F	SP44	54E	102 MAINT CO (FWD DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
RODRIGUEZ LEWIS A	SSG6	75B	102 MAINT CO (FWD DS)	355 MARCY AVENUE	BROOKLYN	NY	11206
BALL KELLY F	SGT5	54E	133 MAINT CO (FWD DS)	955 WASHINGTON STREET	PEEKSKILL	NY	10567
BICKEL DONALD D	SSG6	34C	133 MAINT CO (FWD DS)	955 WASHINGTON STREET	PEEKSKILL	NY	10567
DARVILLE CHARLES W	SSG6	76Y	133 MAINT CO (FWD DS)	955 WASHINGTON STREET	PEEKSKILL	NY	10567
FLORIO FRANK L	SFC7	63H	127 MAINT CO (HVY EQ GS)	PO BOX 110 1 PARK DRIVE	CARTHAGE	NY	13619
PATENS CLIFFORD J	SGT5	44B	127 MAINT CO (HVY EQ GS)	PO BOX 110 1 PARK DRIVE	CARTHAGE	NY	13619
GONZALEZ LUIS A	SSG6	76Y	CO A 101 SIG BN	1402 8TH AVENUE	BROOKLYN	NY	11215
JUAREZ ELIZABETH A	SGT5	75B	CO A 101 SIG BN	1402 8TH AVENUE	BROOKLYN	NY	11215
CLAPP LEONARD F	SGT5	36M	CO A 101 SIG BN	PO BOX 350 ROUTE 9A	OSSINING	NY	10562
GONZALEZ JOSEPH	SSG6	76Y	CO B 101 SIG BN	PO BOX 350 ROUTE 9A	OSSINING	NY	10562
LEWIS RICHARD C	PSG8	31Z	CO B 101 SIG BN	PO BOX 350 ROUTE 9A	OSSINING	NY	10562
MARCANTONIO DOUGLAS	SGT5	75B	CO B 101 SIG BN	PO BOX 350 ROUTE 9A	OSSINING	NY	10562
ARRIZAGA ALBERT	SFC7	31Z	CO C 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701
SMITH DANELLA Y	SGT5	76Y	CO C 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701
HAMEL STEPHEN A	SSG6	76Y	CO D 101 SIG BN	ORANGEBURG ROAD	ORANGEBURG	NY	10962
RIZZI JAMES P	SFC7	31Z	CO D 101 SIG BN	ORANGEBURG ROAD	ORANGEBURG	NY	10962
STEWART LOUIS JR	SSG6	36C	CO D 101 SIG BN	ORANGEBURG ROAD	ORANGEBURG	NY	10962
CHAPETON DEBRA A	SGT5	75B	HHC 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701

SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
GUZMAN JOE L	SGT5	71D	HHC 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701
MEIER THOMAS G	1LT	25A	HHC 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701
ORDONEZ JUSTO J	SGT5	76Y	HHC 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701
PETERS JOHNNIE P	SP44	72E	HHC 101 SIG BN	127 N BROADWAY	YONKERS	NY	10701
BELL DONALD E	SSG6	76Y	567 TRANS CO (TERMINAL SV)	2366 5TH AVENUE	NEW YORK	NY	10037
LOWERY GARSIA A	SGT5	75B	567 TRANS CO (TERMINAL SV)	2366 5TH AVENUE	NEW YORK	NY	10037
MARROW ANTOINETTE	SP44	64C	719 TRANS CO (MDM TRK CGO)	2366 5TH AVENUE	NEW YORK	NY	10037
MARTINEZ CAROL ANN	SSG6	64C	719 TRANS CO (MDM TRK CGO)	2366 5TH AVENUE	NEW YORK	NY	10037
WARE HAROLD JR	SGT5	75B	719 TRANS CO (MDM TRK CGO)	2366 5TH AVENUE	NEW YORK	NY	10037
ROYAL AUBREY D	SGT5	76Y	105 MP CO (PHY SECURITY)	GLENMORE ROAD	TROY	NY	12180
WARD NORMAN L	SGT5	76Y	105 MP CO (PHY SECURITY)	GLENMORE ROAD	TROY	NY	12180
GIAQUINTO MICHAELE	SFC7	76J	HHD 244 MED GP	355 MARCY AVENUE	BROOKLYN	NY	11206
KALCENKO ALEXANDER	SFC7	75Z	HHD 244 MED GP	355 MARCY AVENUE	BROOKLYN	NY	11206
LEE WILLIE H	SFC7	91B	HHD 244 MED GP	355 MARCY AVENUE	BROOKLYN	NY	11206
VARGUS RICHARD A	MAJD	67H	HHD 244 MED GP	355 MARCY AVENUE	BROOKLYN	NY	11206
BETANCOURT OSCAR	SFC7	91H	825 MED LAB	355 MARCY AVENUE	BROOKLYN	NY	11206
BRADLEY CHERYL A	SGT5	71L	825 MED LAB	355 MARCY AVENUE	BROOKLYN	NY	11206
MINCA ARTHUR JR	SSG6	76Y	825 MED LAB	355 MARCY AVENUE	BROOKLYN	NY	11206
DONALDSON ROYAL J J	SSG6	76Y	243 MED CO (CLR)	27 MASTEN AVENUE	BUFFALO	NY	14209
MILLER EDWARD K JR	SGT5	91C	243 MED CO (CLR)	27 MASTEN AVENUE	BUFFALO	NY	14209
DEPALO ANDREW J	SGT5	75B	646 MED CO (AMB)	147 WARREN STREET	GLENS FALLS	NY	12801
GREEN JAMES W	SFC7	76Y	646 MED CO (AMB)	147 WARREN STREET	GLENS FALLS	NY	12801
SPAULDING KAREN L	SFC7	91C	646 MED CO (AMB)	147 WARREN STREET	GLENS FALLS	NY	12801
MURPHY EUGENE A	MSG8	91B	247 MED CO (AMB)	61 LAKE AVENUE	SARATOGA SPRINGS	NY	12866
WINTERS GREGORY W	SSG6	76Y	247 MED CO (AMB)	61 LAKE AVENUE	SARATOGA SPRINGS	NY	12866
MARTINEZ ANDRE	SFC7	91E	324 MED DET (DENTAL SVC)	355 MARCY AVENUE	BROOKLYN	NY	11206
FREEMAN ANNETTE C	SSG6	64C	HHD 369 TRANS BN	2366 5TH AVENUE	NEW YORK	NY	10037
HILL HAROLD	SFC7	64Z	HHD 369 TRANS BN	2366 5TH AVENUE	NEW YORK	NY	10037
KAIRSON FRANCIS W JR	MAJD	95D	HHD 369 TRANS BN	2366 5TH AVENUE	NEW YORK	NY	10037
BLOUNT CLARISA	SP44	76Y	1569 TRANS CO (LT-MDM TRK)	2366 5TH AVENUE	NEW YORK	NY	10037
BONNER WILLIAM J JR	SGT5	75B	1569 TRANS CO (LT-MDM TRK)	2366 5TH AVENUE	NEW YORK	NY	10037
BYRD AVERY L JR	SFC7	64C	1569 TRANS CO (LT-MDM TRK)	2366 5TH AVENUE	NEW YORK	NY	10037
HEFFRON WILLIAM J JR	MAJD	21J	HHC 221 ENGR GP (COMBAT)	164 CONNECTICUT STREET	BUFFALO	NY	14213
MURRAY JOSEPH P	SSG6	71L	HHC 221 ENGR GP (COMBAT)	164 CONNECTICUT STREET	BUFFALO	NY	14213
PALMER WILLIAM F JR	SFC7	51M	HHC 221 ENGR GP (COMBAT)	164 CONNECTICUT STREET	BUFFALO	NY	14213
SCHMIGIEL TIMOTHY R	SP44	71L	HHC 221 ENGR GP (COMBAT)	164 CONNECTICUT STREET	BUFFALO	NY	14213
SHUDUCK JOHN W	CPT3	21J	HHC 221 ENGR GP (COMBAT)	164 CONNECTICUT STREET	BUFFALO	NY	14213
JUCKETT ROBERT F	SP44	76Y	CO A 204 ENGR BN (CB HVY)	65 WEST END AVENUE	BINGHAMTON	NY	13905

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NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
KAYLOR ROBERT S	SSG6	52M	CO A 204 ENGR BN (EQ MNT)	85 WEST END AVENUE	BINGHAMTON	NY	13905
LENGA WILLIAM T JR	SSG6	74Y	CO A 204 ENGR BN (EQ MNT)	85 WEST END AVENUE	BINGHAMTON	NY	13905
BUEHR DONALD R	SGT5	51B	CO B 204 ENGR BN (CBT HVY)	PO BOX 107 COLONIAL DRIVE	HORSEHEADS	NY	14845
WINSLOW ROBERT A	SSG6	51M	CO B 204 ENGR BN (CBT HVY)	PO BOX 107 COLONIAL DRIVE	HORSEHEADS	NY	14845
BURT JOHN T	SSG6	75Y	CO C 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
JAEGER WILLIAM J	SGT5	51B	CO C 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
MILLER RAYMOND L SR	SSG6	51M	CO C 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
CONKLIN HOWARD M	SGT5	52F	CO D (-) 204 ENGR BN (CBT HVY)	6 ACADEMY STREET	ONEONTA	NY	13820
HOTALING DANIEL L	SSG6	76Y	CO D (-) 204 ENGR BN (CBT HVY)	6 ACADEMY STREET	ONEONTA	NY	13820
NEWTON GARY R	SFC7	51M	CO D (-) 204 ENGR BN (CBT HVY)	6 ACADEMY STREET	ONEONTA	NY	13820
CLEAVELAND JAMES B	SSG6	51M	DET 1 CO D 204 ENGR BN	55 SOUTH STREET	WALTON	NY	13856
ROACH JOHN M SR	SP4M	51B	DET 1 CO D 204 ENGR BN	55 SOUTH STREET	WALTON	NY	13856
ELLIS DANA J	SP4M	76Y	HHC 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
HODGE RICHARD A	SP4M	71L	HHC 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
MAUS ROBERT P	SFC7	51M	HHC 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
MULHALL GREGORY A	SGT5	71L	HHC 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
STEPHENS JOHN F	SGT5	76Y	HHC 204 ENGR BN (CBT HVY)	85 WEST END AVENUE	BINGHAMTON	NY	13905
CHRISTOPHER DENNIS	SSG6	95B	206 MP CO (GUARD)	136 CONNECTICUT STREET	BUFFALO	NY	14213
FRANCOFORTE JOSEPH	SGT5	76Y	206 MP CO (GUARD)	136 CONNECTICUT STREET	BUFFALO	NY	14213
BURKE SHEILA M	SGT5	71L	HHC 205 SPT GP	GLENMORE ROAD	TROY	NY	12180
COLLOTON GARRY J	MAJO	92A	HHC 205 SPT GP	GLENMORE ROAD	TROY	NY	12180
KENNEDY EDWARD C	SFC7	76Z	HHC 205 SPT GP	GLENMORE ROAD	TROY	NY	12180
RYAN KEVIN W	SSG6	75Y	HHC 205 SPT GP	GLENMORE ROAD	TROY	NY	12180
YEAW JEFFREY LEWIS	MAJO	92A	HHC 205 SPT GP	GLENMORE ROAD	TROY	NY	12180
BILOUS MICHAEL K	SGT5	76V	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
CAMPBELL DANIEL JR	SSG6	76Y	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
ENGLE KURT L	SGT5	36C	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
GAVITT WILLIAM S	SSG6	75P	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
JONES EDWIN R	SFC7	63H	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
MCMANUS THOMAS J	SP4M	74Y	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
MORRIS WAYNE A	CW2W	762	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
RAPONE JOHN L	SGT5	75P	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
SAWYER DONALD B JR	SSG6	76V	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
SKELLY LAUREL J	SGT5	76V	134 MAINT CO (DS)	145 CULVER ROAD	ROCHESTER	NY	14620
CAYOT CHARLES L JR	MAJO	72A	HHD 107 SIG GP	1402 8TH AVENUE	BROOKLYN	NY	11215
DAVIS MARIO E	SP4M	71L	HHD 107 SIG GP	1402 8TH AVENUE	BROOKLYN	NY	11215
JENKINS THOMAS	MAJO	25A	HHD 107 SIG GP	1402 8TH AVENUE	BROOKLYN	NY	11215
RUDLMBLATT PAUL	SFC7	31Z	HHD 107 SIG GP	1402 8TH AVENUE	BROOKLYN	NY	11215
WARNICK ALICE	SGT5	76Y	HHD 107 SIG GP	1402 8TH AVENUE	BROOKLYN	NY	11215
BRUNK PAUL J	SFC7	76Y	27 SPT CEN (REAR AREA OP)	195 WASHINGTON AVENUE	ALBANY	NY	12210

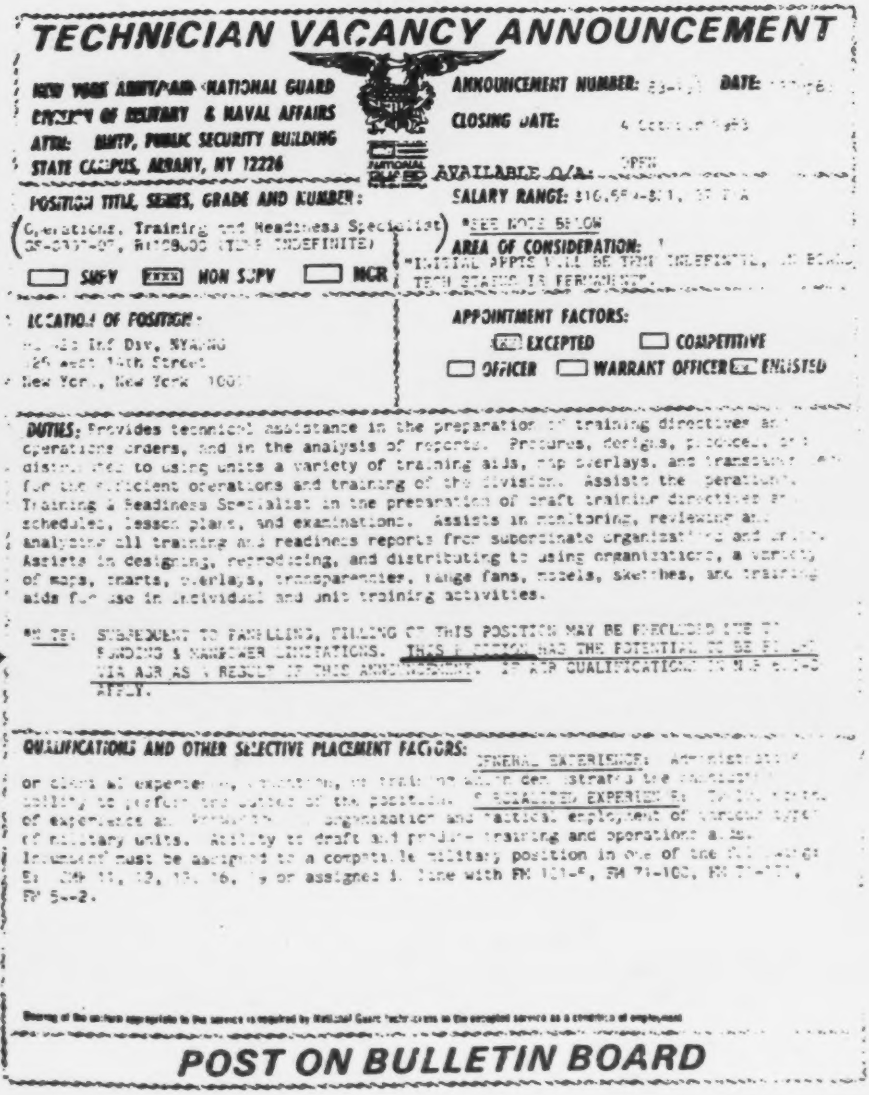
REPORT DATE 11/20/75 LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1965 PAGE 15
SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
KRAUSE JOSEPH E	MSG8	11B	27 SPT CEN (REAR AREA OP)	195 WASHINGTON AVENUE	ALBANY	NY	12210
MCINTOSH JAMES W	MAJ4	31X	27 SPT CEN (REAR AREA OP)	195 WASHINGTON AVENUE	ALBANY	NY	12210
PECK LEON R	SFC7	96B	27 SPT CEN (REAR AREA OP)	195 WASHINGTON AVENUE	ALBANY	NY	12210
SLOCUM DAVID M	2LTG	96A	27 SPT CEN (REAR AREA OP)	195 WASHINGTON AVENUE	ALBANY	NY	12210
MCNULTY ROBERT A	SSG5	73C	42 FINANCE CO	125 WEST 14TH STREET	NEW YORK	NY	10011
GIBSON ROBERT F	PSGX	11B	CO A 1 BN 105 INF	GLENMORE ROAD	TROY	NY	12180
MUSHER ROBERT B	SSG6	76Y	CO A 1 BN 105 INF	GLENMORE ROAD	TROY	NY	12180
JABLONSKI RONALD J	SSG6	76Y	CO B 1 BN 105 INF	87 WASHINGTON STREET	GLOVERSVILLE	NY	12078
MAAI JOSEPH M	PSGX	11B	CO B 1 BN 105 INF	87 WASHINGTON STREET	GLOVERSVILLE	NY	12078
BRIXIUS CRAIG R	SGT5	76Y	CO C 1 BN 105 INF	STATE ARMORY ROUTE 23	LEEDS	NY	12451
MURPHY DANIEL R	PSGX	11B	CO C 1 BN 105 INF	STATE ARMORY ROUTE 23	LEEDS	NY	12451
LYONS JOHN W SR	PSGX	11H	SPT CO 1 BN 105 INF	FLORIDA & DEWITT STREETS	AMSTERDAM	NY	12010
KUCSKAN EDWARD F	SSG5	76Y	HHC 1 BN 105 INF	125 WASHINGTON AVENUE	SCHENECTADY	NY	12305
LOOBY JOHN F III	SSG5	11B	HHC 1 BN 105 INF	125 WASHINGTON AVENUE	SCHENECTADY	NY	12305
VARTIGIAN RICHARD A	CPT3	11A	HHC 1 BN 105 INF	125 WASHINGTON AVENUE	SCHENECTADY	NY	12305
ABBOTT NORMAN JR	SP44	76P	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
ACEVEDO FRANCISCO	SSG6	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
FLYNN JOHN F	SSG5	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
FRANCIS RITCHARD J	W01W	761	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
GRANDISON JOSEPH L	SGT5	76P	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
MCMAHON MICHAEL T	SGT5	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
MUNOZ DAVID	SGT5	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
PARKS FREDERICK D	SSG5	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
SANDANOPOLI RINALDO	CW2W	761	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
SCHILLER JOHN A	SFC7	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
STOKES GREGORY	SGT5	76Y	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
THOMPSON ROGER A	SGT5	76P	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
WIECZOREK GERARD JAMES	CW2W	761	DET 1 42D INF DIV MAT MGT CEN	335 S WILLIAM STREET	NEWBURGH	NY	12550
ANDREWS ERWIN W	SGT5	76Y	42 DMMC (MATERIAL MGT)	AIR NATL GUARD STATION	ROSLYN	NY	11576
HABER FRANK J	PSGX	76J	42 DMMC (MATERIAL MGT)	AIR NATL GUARD STATION	ROSLYN	NY	11576
JOHNSON EASTER P	SGT5	71L	42 DMMC (MATERIAL MGT)	AIR NATL GUARD STATION	ROSLYN	NY	11576
POST PATRICK M	SSG5	11H	42 DMMC (MATERIAL MGT)	AIR NATL GUARD STATION	ROSLYN	NY	11576
RICKS BRENDA L	SGT5	71L	42 DMMC (MATERIAL MGT)	AIR NATL GUARD STATION	ROSLYN	NY	11576
MCGLYNN JAMES J	SFC7	54E	42 CHEMICAL CO	1579 BEDFORD AVENUE	NEW YORK	NY	11225
KELLY GEORGE J	PSGX	75Z	CO A 2 BN 105 INF	62 POULTNEY RD	WHITEHALL	NY	12887
WHITING RICHARD G	SSG6	76Y	CO A 2 BN 105 INF	62 POULTNEY RD	WHITEHALL	NY	12887
PHILLIPS CHARLES D	SSG6	76Y	CO [illegible] 2 BN 105 INF	STATE ROUTE 3	SARANAC LAKE	NY	12983
VARALTTE TERRY F	PSGX	11C	CO [illegible] 2 BN 105 INF	STATE ROUTE 3	SARANAC LAKE	NY	12983
PROVONCHA NORMAN F	SGT5	75B	CO C 2 BN 105 INF	315 CHAMPLAIN AVENUE	TICONDEROGA	NY	12983

REPORT DATE 11/26/85

LISTING OF ARNG PERSONNEL IN AGR STATUS AS OF 30 JUNE 1985
SHOWING DUTY POSITION

NAME	GRADE	DUTY POSN	UNIT ADDRESS	STREET ADDRESS	CITYADDR	STATE	ZIP CODE
RHEAUME DENNIS M	SSG6	75Y	CO C 2 BN 105 INF	315 CHAMPLAIN AVENUE	TICONDEROGA	NY	12883
STODDARD KENNETH W	SSG6	76Y	CO C 2 BN 105 INF	315 CHAMPLAIN AVENUE	TICONDEROGA	NY	12883
DUNBAR DAVID G	SFC7	11B	SPT CO 2 BN 105 INF	147 WARREN STREET	GLENS FALLS	NY	12801
TOUSAW MICHAEL J	SSG6	76Y	SPT CO 2 BN 105 INF	147 WARREN STREET	GLENS FALLS	NY	12801
BELL ALLEN D	MSG8	11B	HHC 2 BN 105 INF	99 SOUTH LAKE AVENUE	TROY	NY	12180
BRESEE RONALD W	SFC7	76Y	HHC 2 BN 105 INF	99 SOUTH LAKE AVENUE	TROY	NY	12180
LUCIANO ANTHONY J	SSG6	76Y	HHC 2 BN 105 INF	99 SOUTH LAKE AVENUE	TROY	NY	12180
THIBADO JOHN E	SFC7	11B	HHC 2 BN 105 INF	99 SOUTH LAKE AVENUE	TROY	NY	12180
BLOOM SCOTT D	SSG6	11B	CO A 2 BN 174 INF	34 AVON ROAD	GENESEO	NY	14454
VALLANCE FLOYD JR	SFC7	11B	CO B 2 BN 174 INF	100 SENECA STREET	HORNELL	NY	14843
BEAUMONT JOHN C	SFC7	11B	CO C (-) 2 BN 174 INF	300 MAIN STREET	GENEVA	NY	14456
CONSTABLE RONALD T	SFC7	11B	SPT CO 2 BN 174 INF	300 MAIN STREET	GENEVA	NY	14456
ROUNDS EDWARD A	SFC7	11B	HHC 2 BN 174 INF	900 EAST MAIN STREET	ROCHESTER	NY	14605
HALL FORREST L III	SGT5	75B	CO C 3 BN 172 INFANTRY	FRANKLIN BLDG RTE 9 NORTH	PLATTSBURGH	NY	12901
MONIGAN JOHN RODERICK JR	SFC7	11B	CO C 3 BN 172 INFANTRY	FRANKLIN BLDG RTE 9 NORTH	PLATTSBURGH	NY	12901
STCLAIR GARY RAYMOND	SSG6	76Y	CO C 3 BN 172 INFANTRY	FRANKLIN BLDG RTE 9 NORTH	PLATTSBURGH	NY	12901
RODRIGUEZ JACK	SFC7	17C	BTRY E TGT ACQ 258 FA	29 W KINGSBRIDGE ROAD	BRONX	NY	10468



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY/AIR NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNTP, PUBLIC SECURITY BUILDING
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 83-[illegible] **DATE:** [illegible]

CLOSING DATE: 4 October 1983

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:

(Operations, Training and Readiness Specialist
GS-0301-07, R1[illegible]9000 (TEMP INDEFINITE))

☐ SUPV ☒ NON SUPV ☐ MGR

SALARY RANGE: $16,5[illegible]-$[illegible], [illegible] P/A

*SEE NOTE BELOW

AREA OF CONSIDERATION: [illegible]

*INITIAL APPTS WILL BE TEMP INDEFINITE, [illegible] TECH STATUS IS PERMANENT.

LOCATION OF POSITION:

HQ 42D Inf Div, NYARNG
125 West 14th Street
New York, New York 1001[illegible]

APPOINTMENT FACTORS:

☒ EXCEPTED ☐ COMPETITIVE

☐ OFFICER ☐ WARRANT OFFICER ☒ ENLISTED

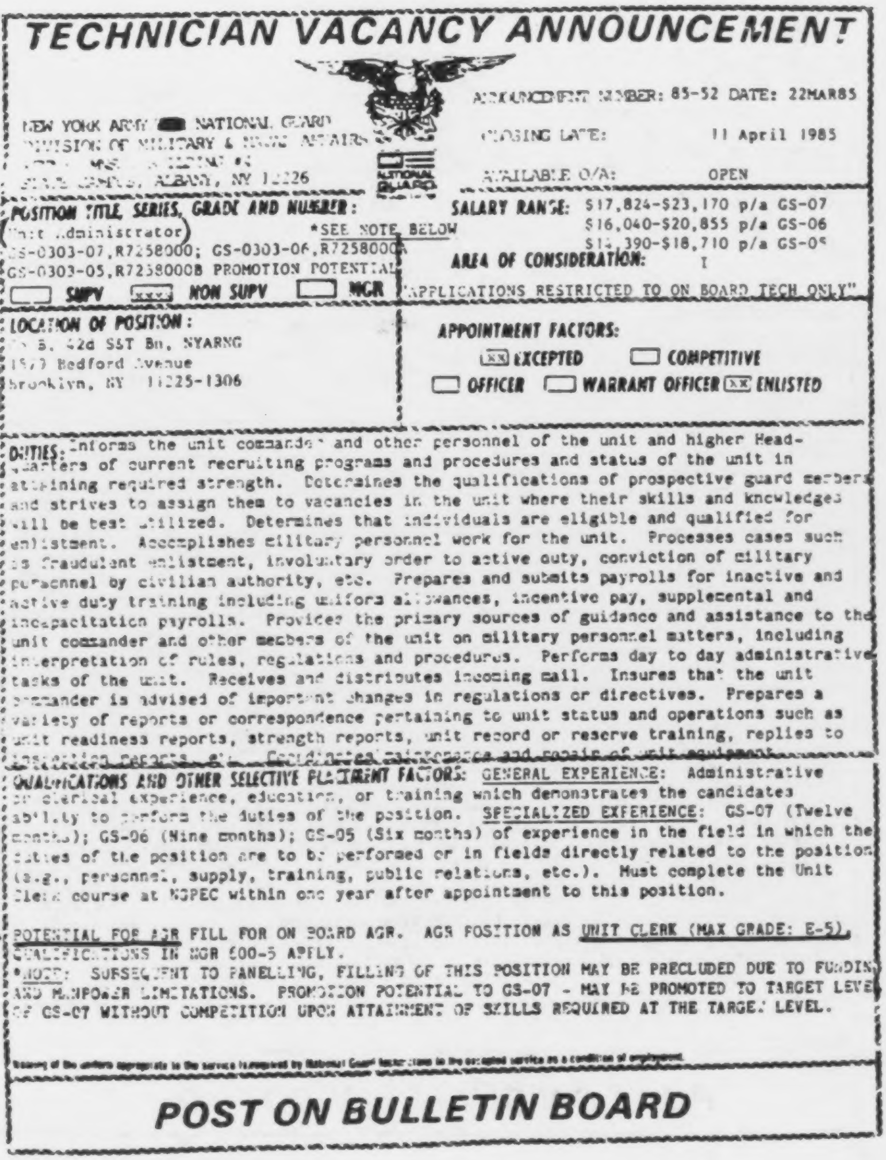
DUTIES: Provides technical assistance in the preparation of training directives and operations orders, and in the analysis of reports. Procures, designs, produces, and distributes to using units a variety of training aids, map overlays, and transparencies for the efficient operations and training of the division. Assists the Operations, Training & Readiness Specialist in the preparation of draft training directives and schedules, lesson plans, and examinations. Assists in monitoring, reviewing and analyzing all training and readiness reports from subordinate organizations and units. Assists in designing, reproducing, and distributing to using organizations, a variety of maps, charts, overlays, transparencies, range fans, models, sketches, and training aids for use in individual and unit training activities.

*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING & MANPOWER LIMITATIONS. THIS POSITION HAS THE POTENTIAL TO BE FILLED VIA AGR AS A RESULT OF THIS ANNOUNCEMENT. IF AGR QUALIFICATIONS IN NGR [illegible] APPLY.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidate's ability to perform the duties of the position. SPECIALIZED EXPERIENCE: [illegible] of experience and knowledge of organization and tactical employment of various types of military units. Ability to draft and produce training and operations aids. Incumbent must be assigned to a compatible military position in one of the following: [illegible] CMF 11, 12, 13, 16, [illegible] or assigned in line with FM 101-5, FM 71-100, FM [illegible], FM 5--2.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment

POST ON BULLETIN BOARD



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY [redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
[illegible] MNP [illegible] BUILDING #[illegible]
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 85-52 DATE: 22MAR85
CLOSING DATE: 11 April 1985
AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
(Unit Administrator) *SEE NOTE BELOW
GS-0303-07,R7258000; GS-0303-06,R7258000A
GS-0303-05,R7258000B PROMOTION POTENTIAL
☐ **SUPV** ☒ **NON SUPV** ☐ **MGR**

SALARY RANGE: $17,824-$23,170 p/a GS-07
$16,040-$20,855 p/a GS-06
$14,390-$18,710 p/a GS-05

AREA OF CONSIDERATION: I
"APPLICATIONS RESTRICTED TO ON BOARD TECH ONLY"

LOCATION OF POSITION:
Co B, 42d S&T Bn, NYARNG
1579 Bedford Avenue
Brooklyn, NY 11225-1306

APPOINTMENT FACTORS:
☒ **EXCEPTED** ☐ **COMPETITIVE**
☐ **OFFICER** ☐ **WARRANT OFFICER** ☒ **ENLISTED**

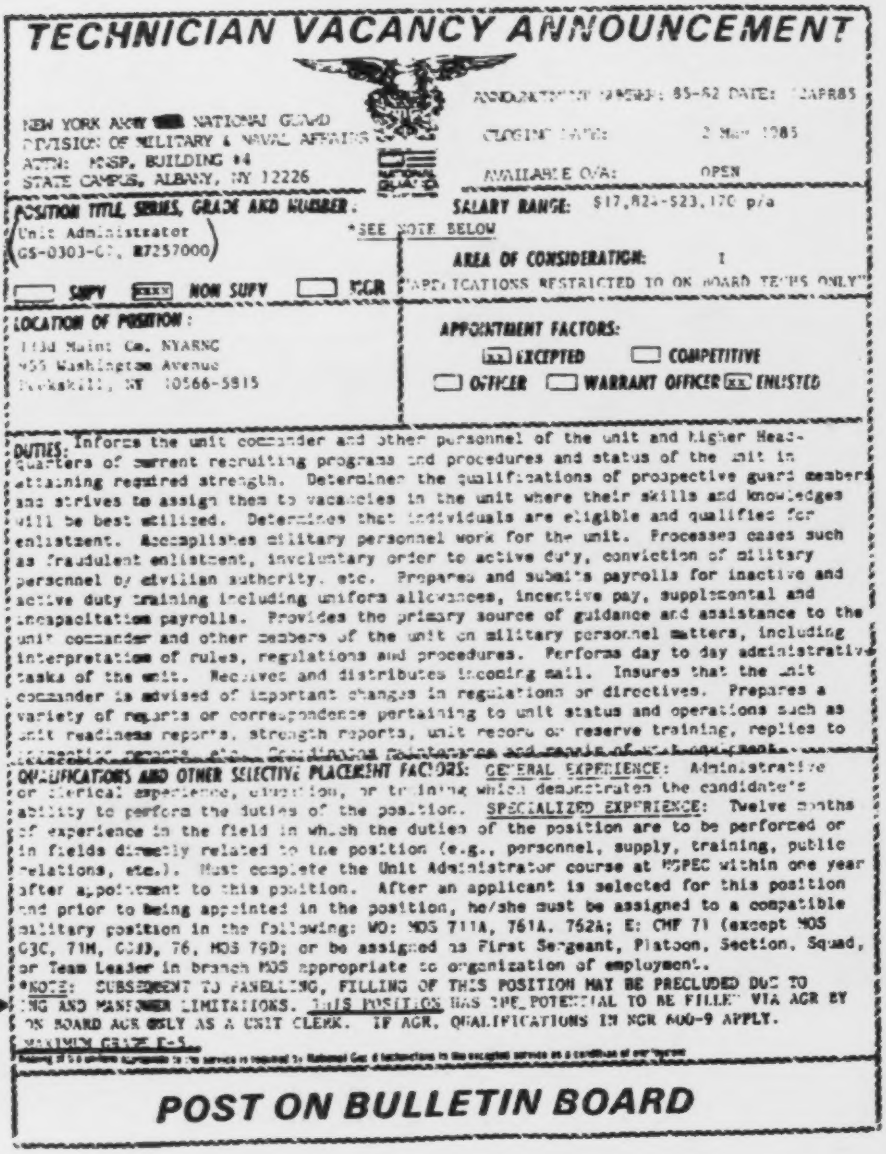
DUTIES: Informs the unit commander and other personnel of the unit and higher Headquarters of current recruiting programs and procedures and status of the unit in attaining required strength. Determines the qualifications of prospective guard members and strives to assign them to vacancies in the unit where their skills and knowledges will be best utilized. Determines that individuals are eligible and qualified for enlistment. Accomplishes military personnel work for the unit. Processes cases such as fraudulent enlistment, involuntary order to active duty, conviction of military personnel by civilian authority, etc. Prepares and submits payrolls for inactive and active duty training including uniform allowances, incentive pay, supplemental and incapacitation payrolls. Provides the primary sources of guidance and assistance to the unit commander and other members of the unit on military personnel matters, including interpretation of rules, regulations and procedures. Performs day to day administrative tasks of the unit. Receives and distributes incoming mail. Insures that the unit commander is advised of important changes in regulations or directives. Prepares a variety of reports or correspondence pertaining to unit status and operations such as unit readiness reports, strength reports, unit record or reserve training, replies to inspection reports, etc. Coordinates maintenance and repair of unit equipment.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidates ability to perform the duties of the position. SPECIALIZED EXPERIENCE: GS-07 (Twelve months); GS-06 (Nine months); GS-05 (Six months) of experience in the field in which the duties of the position are to be performed or in fields directly related to the position (e.g., personnel, supply, training, public relations, etc.). Must complete the Unit Clerk course at NGPEC within one year after appointment to this position.

→ POTENTIAL FOR AGR FILL FOR ON BOARD AGR. AGR POSITION AS UNIT CLERK (MAX GRADE: E-5), QUALIFICATIONS IN NGR 600-5 APPLY.
*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS. PROMOTION POTENTIAL TO GS-07 - MAY BE PROMOTED TO TARGET LEVEL OF GS-07 WITHOUT COMPETITION UPON ATTAINMENT OF SKILLS REQUIRED AT THE TARGET LEVEL.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment.

POST ON BULLETIN BOARD



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY [redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 85-52 DATE: [illegible]APR85

CLOSING DATE: 2 May 1985

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
Unit Administrator
GS-0303-07, #7257000

*SEE NOTE BELOW

☐ **SUPV** ☒ **NON SUPV** ☐ **AGR**

SALARY RANGE: $17,824-$23,170 p/a

AREA OF CONSIDERATION: I

"APPLICATIONS RESTRICTED TO ON BOARD TECHS ONLY"

LOCATION OF POSITION:
133d Maint Co. NYARNG
955 Washington Avenue
Peekskill, NY 10566-5915

APPOINTMENT FACTORS:
☒ **EXCEPTED** ☐ **COMPETITIVE**
☐ **OFFICER** ☐ **WARRANT OFFICER** ☒ **ENLISTED**

DUTIES: Informs the unit commander and other personnel of the unit and higher Headquarters of current recruiting programs and procedures and status of the unit in attaining required strength. Determines the qualifications of prospective guard members and strives to assign them to vacancies in the unit where their skills and knowledges will be best utilized. Determines that individuals are eligible and qualifies for enlistment. Accomplishes military personnel work for the unit. Processes cases such as fraudulent enlistment, involuntary order to active duty, conviction of military personnel by civilian authority, etc. Prepares and submits payrolls for inactive and active duty training including uniform allowances, incentive pay, supplemental and incapacitation payrolls. Provides the primary source of guidance and assistance to the unit commander and other members of the unit on military personnel matters, including interpretation of rules, regulations and procedures. Performs day to day administrative tasks of the unit. Receives and distributes incoming mail. Insures that the unit commander is advised of important changes in regulations or directives. Prepares a variety of reports or correspondence pertaining to unit status and operations such as unit readiness reports, strength reports, unit record or reserve training, replies to inspection reports, etc. Coordinates maintenance and repair of unit equipment.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidate's ability to perform the duties of the position. SPECIALIZED EXPERIENCE: Twelve months of experience in the field in which the duties of the position are to be performed or in fields directly related to the position (e.g., personnel, supply, training, public relations, etc.). Must complete the Unit Administrator course at NGPEC within one year after appointment to this position. After an applicant is selected for this position and prior to being appointed in the position, he/she must be assigned to a compatible military position in the following: WO: MOS 711A, 761A, 762A; E: CMF 71 (except MOS 03C, 71M, 00J), 76, MOS 79D; or be assigned as First Sergeant, Platoon, Section, Squad, or Team Leader in branch MOS appropriate to organization of employment.

→ *NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO ING AND MANPOWER LIMITATIONS. THIS POSITION HAS THE POTENTIAL TO BE FILLED VIA AGR BY ON BOARD AGR ONLY AS A UNIT CLERK. IF AGR, QUALIFICATIONS IN NGR 600-9 APPLY. MAXIMUM GRADE E-5.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment.

POST ON BULLETIN BOARD

TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY [redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: [illegible]85-143 DATE: [illegible] Aug 85

CLOSING DATE: 3 September 1985

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
(Operations Training & Readiness Specialist
GS [illegible] 07, R1106000)

☐ **SUPV** ☒ **NON SUPV** ☐ **MGR**

SALARY RANGE: $17,824-$23,170 p/a

*SEE NOTE BELOW

AREA OF CONSIDERATION: I, II, III
NEW HIRES - TEMPORARY INDEFINITE
ON-BOARD TECHNICIANS - PERMANENT

LOCATION OF POSITION:
HHC 1st Bn 71st Inf, NYARNG
125 West 14th Street
New York, New York 10011-7302

APPOINTMENT FACTORS:
☒ **EXCEPTED** ☐ **COMPETITIVE**
☐ **OFFICER** ☐ **WARRANT OFFICER** ☒ **ENLISTED**

DUTIES: Furnishes technical assistance to the Company Commanders of subordinate units of the organization in the analysis and preparation of training directives, operation orders, and readiness reports. Responsible for the maintenance of training readiness of units and individuals. The organization Operations and Training Specialist assists in the evaluation of operations, training and readiness reports and results of tests, either written or performance, in order to determine the training status of both units and individuals. Prepares drafts of training situations and orders as directed by supervisor, using topographic maps, field sketches, overlays, and other sources of information to indicate type and disposition of units. Assists the Operations and Training Specialist and Commanders of subordinate units for the units within the battalion, and may assist in the evaluation of units to determine current training status. Assists in the processing of candidates for the command formal schools program, including OCS, and may assist in the selection and screening of applicants. On request, provides technical assistance to other administrative technicians within the organization. Performs other duties as necessary or assigned.

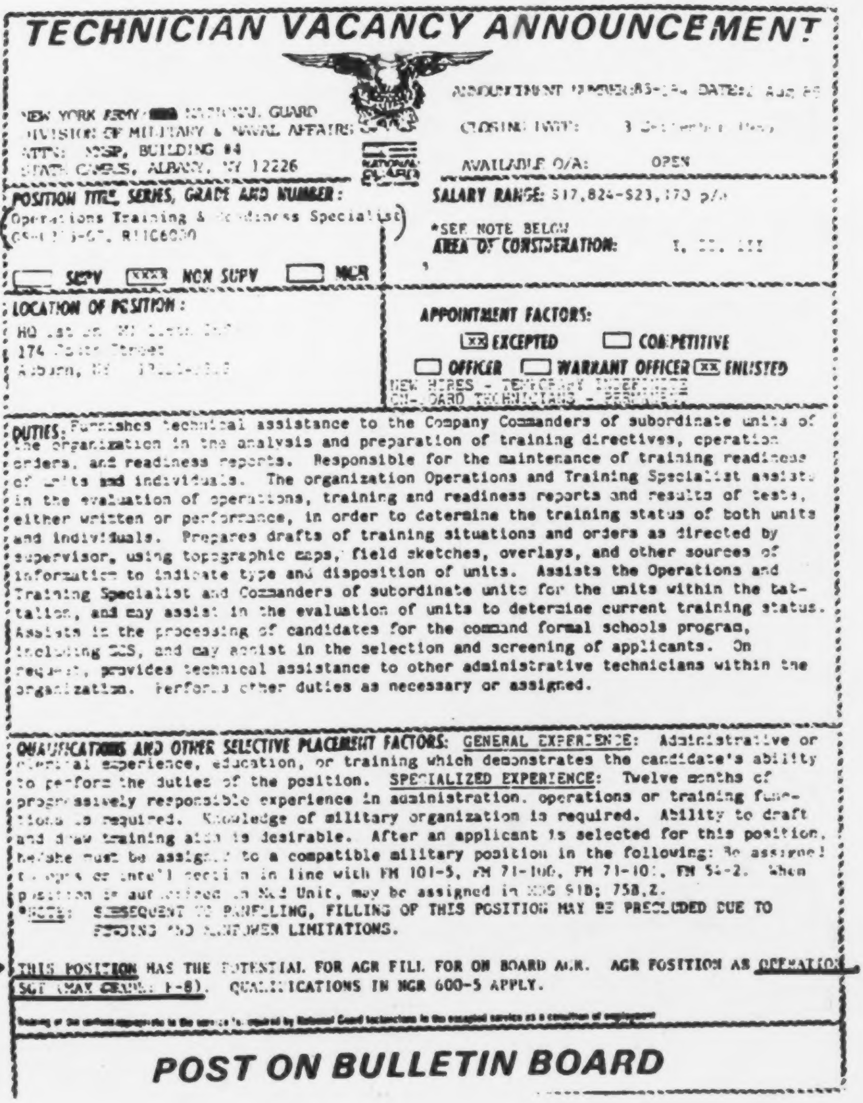
QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidate's ability to perform the duties of the position. SPECIALIZED EXPERIENCE: Twelve months of progressively responsible experience in administration, operations or training functions is required. Knowledge of military organization is required. Ability to draft and draw training aids is desirable. After an applicant is selected for this position, he/she must be assigned to a compatible military position in the following: Be assigned to opns or intell section in line with FM 101-5, FM 71-100, FM 71-101, FM 34-2. When position is authorized in Med Unit, may be assigned in MOS 91B; 75B,Z.

*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS.

→ THIS POSITION HAS THE POTENTIAL FOR AGR FILL FOR ON BOARD AGR. AGR POSITION AS OPERATIONS SGT (MAX GRADE: E-8). QUALIFICATIONS IN NGR 600-5 APPLY.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment

POST ON BULLETIN BOARD



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY [redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 85-124 DATE: 2 Aug 85

CLOSING DATE: 3 September 1985

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER: (Operations Training & Readiness Specialist GS-[illegible]-07, R11C6030)

☐ SUPV ☒ NON SUPV ☐ MGR

SALARY RANGE: $17,824-$23,170 p/a

*SEE NOTE BELOW

AREA OF CONSIDERATION: I, II, III

LOCATION OF POSITION:
HQ 1st Bn [illegible] Inf
174 [illegible] Street
Auburn, NY [illegible]

APPOINTMENT FACTORS:

☒ EXCEPTED ☐ COMPETITIVE

☐ OFFICER ☐ WARRANT OFFICER ☒ ENLISTED

NEW HIRES - TEMPORARY INDEFINITE
ON-BOARD TECHNICIANS - PERMANENT

DUTIES: Furnishes technical assistance to the Company Commanders of subordinate units of the organization in the analysis and preparation of training directives, operation orders, and readiness reports. Responsible for the maintenance of training readiness of units and individuals. The organization Operations and Training Specialist assists in the evaluation of operations, training and readiness reports and results of tests, either written or performance, in order to determine the training status of both units and individuals. Prepares drafts of training situations and orders as directed by supervisor, using topographic maps, field sketches, overlays, and other sources of information to indicate type and disposition of units. Assists the Operations and Training Specialist and Commanders of subordinate units for the units within the battalion, and may assist in the evaluation of units to determine current training status. Assists in the processing of candidates for the command formal schools program, including OCS, and may assist in the selection and screening of applicants. On request, provides technical assistance to other administrative technicians within the organization. Performs other duties as necessary or assigned.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidate's ability to perform the duties of the position. SPECIALIZED EXPERIENCE: Twelve months of progressively responsible experience in administration, operations or training functions is required. Knowledge of military organization is required. Ability to draft and draw training aids is desirable. After an applicant is selected for this position, he/she must be assigned to a compatible military position in the following: Be assigned to opns or intel section in line with FM 101-5, FM 71-100, FM 71-101, FM 34-2. When position is authorized in NG Unit, may be assigned in MOS 91B; 75B,Z.

*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS.

→ THIS POSITION HAS THE POTENTIAL FOR AGR FILL FOR ON BOARD AGR. AGR POSITION AS OPERATIONS SGT (MAX GRADE: E-8). QUALIFICATIONS IN NGR 600-5 APPLY.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment

POST ON BULLETIN BOARD

TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY, [redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 85-198 **DATE:** 16 Aug

CLOSING DATE: 16 September 1985

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER: *SEE NOTE BELOW
Administrative Officer
GS-0341-10, R0243100
SUPV DMNA FORM 98 REQUIRED
☒ **SUPV** ☐ **NON SUPV** ☐ **MGR**

SALARY RANGE: $24,011-$31,211 p/a

AREA OF CONSIDERATION: I, II, III
"RESTRICTED TO ON BOARD TECHS ONLY"

LOCATION OF POSITION:
HHB 258th FA, NYARNG
29 W. Kingsbridge Road
Bronx, NY 10468-7500

APPOINTMENT FACTORS:
☒ **EXCEPTED** ☐ **COMPETITIVE**
☒ **OFFICER** ☐ **WARRANT OFFICER** ☐ **ENLISTED**

DUTIES: Provide assistance to the Commander (who is usually a "part time" member of the National Guard) in overseeing or conducting recruiting, training management, supply management, maintenance, security, safety, personnel management, administrative and public relations programs. Performs supervisory personnel functions. Plans, organizes and assigns work to employees. Conducts continuing review of command activities and programs to insure that assigned units are effectively and efficiently progressing toward the desired readiness status. Recommends to the commander policy and procedures or changes thereto and develops detailed instructions for implementation by staff sections, technicians and subordinate units. Provides input to studies relating to reorganization, use of training facilities, etc. Serves as principal representative of the National Guard (and unit commander) in the community. Provides support for community activities. Insures that National Guard Armories and other facilities of the command are properly utilized and cared for.

*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Experience which provided a basic knowledge of the principles of organization, management and administration. SPECIALIZED EXPERIENCE: Twenty-four months of experience in administrative, supervisory, managerial, professional or technical work which provided the applicant an opportunity to acquire a knowledge of management principles, practices methods and techniques. After an applicant is selected for this position and prior to being appointed in the position, he/she must be assigned to a compatible military position in the following: O: SSI, 40A, 41A, 42A, S1, S2, S3, S4, asst S1, S2, S3, S4, Cmdr, Dep Cmdr, Exec Off, in branch SSI appropriate to org of employment; Fire Support Officer in FA Bn of Separate AR & IN Brigades.

→ THIS POSITION HAS THE POTENTIAL FOR AGR FILL. AGR POSITION IS S-1, MAXIMUM GRADE OF O3. IF AGR, QUALIFICATIONS IN NGR 600-5 APPLY.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment

POST ON BULLETIN BOARD

TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY/[redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER 85-215 DATE: 13 Sep 85

CLOSING DATE: 5 October 1985

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
Supply Clerk
GS-2005-05, R7256000

*SEE NOTE BELOW

SALARY RANGE: $14,390-$18,710 p/a

AREA OF CONSIDERATION: 1

☐ **SUPV** ☒ **NON SUPV** ☐ **MGR**

LOCATION OF POSITION:
Btry B, 258th FA (Tgt Acq)
[illegible] W. Kingsbridge Road
Bronx, New York [illegible]

APPOINTMENT FACTORS:
☒ **EXCEPTED** ☐ **COMPETITIVE**
☐ **OFFICER** ☐ **WARRANT OFFICER** ☒ **ENLISTED**

[illegible] UNDER, PROVISIONS OF [illegible]

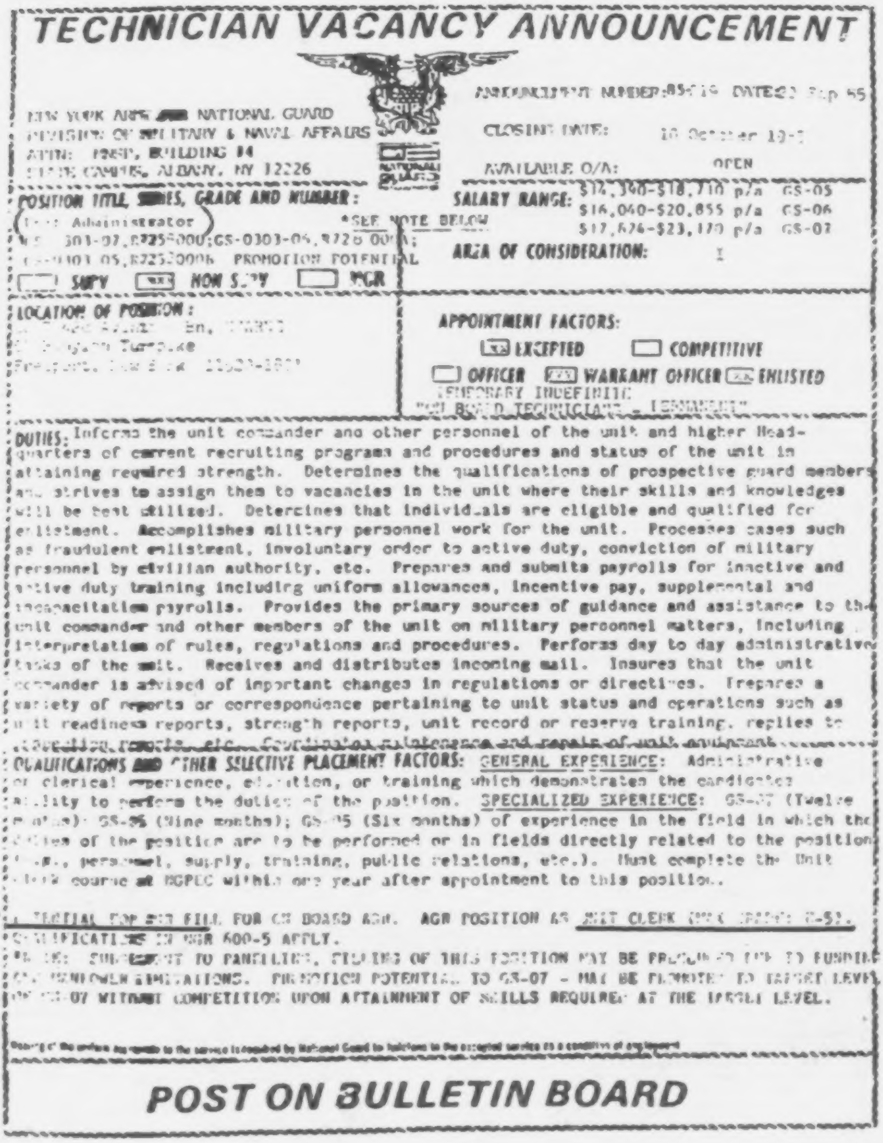
DUTIES: Completes the day-to-day supply transactions of the unit. Requisitions, receives, stores, issues and accounts for a wide variety of supplies and equipment such as rations, ammunitions, fuel, clothing, office supplies forms and publications, communciations equipment, small arms, tool sets, vehicles, etc. Conducts inventories which require considerable knowledge of the equipment and its components. Insures that required supplies such as rations and ammunition, and equipment are on hand to support the training mission of the unit. Posts, updates, and maintains in current status unit property records. Prepares reports of survey, inventory adjustment reports and statements of charges for lost, damaged or destroyed property. Coordinates maintenance and repair of unit equipment. Takes necessary action such as submitting work requests to supporting maintanance facility to have maintenance and repair of equipment accomplished. Insures that equipment needed to support training and unit operations is ready and available when needed. Insures that required preventive maintenance is scheduled and performed.

*NOTE: SUBSEQUENT TO PANELLING. FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Experience in clerical or office work such as maintaining record ; screening, reviewing, and veriftying documents; searching for and compiling information and data; or work involved in the physical handling of supplies and equipment provided this gave the candidate some general knowledge of supply transactions and regulations, procedures, identification codes, etc. SPECIALIZED EXPERIENCE: Six months experience in administration and/or logistical functions and demonstrated ability in the performance of clerical supply duties, use of office machines, supply records, and procedures for receiving, storing, issuing and shipping. After an applicant is selected for this position and prior to being appointed in the position, he/she must be assigned to a compatible military position in the following: [illegible] First Sergeant, [illegible] 00J), 76, MOS 79D. May be assigned as Platoon, Section, Squad or Team Leader in branch MOS appropriate to unit of employment when unit of employment is a Detachment. THIS POSITION HAS THE POTENTIAL FOR AGR FILL FOR ON BOARD AGR. AGR POSITION AS SUPPLY SGT (MAX GRADE: E-6). QUALIFICATIONS IN NGR 600-5 APPLY.

[illegible] is required by National Guard technicians in the excepted service as a condition of employment

POST ON BULLETIN BOARD



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY [illegible] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 85-[illegible]19 DATE: 2[illegible] Sep 85

CLOSING DATE: 10 October 19[illegible]

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
(Unit Administrator) *SEE NOTE BELOW
GS-0303-07, 87258000; GS-0303-06, 87258000A;
GS-0303-05, 87258000B PROMOTION POTENTIAL
☐ SUPV ☒ NON SUPV ☐ MGR

SALARY RANGE:
$14,390-$18,710 p/a GS-05
$16,040-$20,855 p/a GS-06
$17,824-$23,170 p/a GS-07

AREA OF CONSIDERATION: I

LOCATION OF POSITION:
[illegible] Bn, [illegible]
[illegible] Turnpike
Freeport, New York 11520-18[illegible]

APPOINTMENT FACTORS:
☒ EXCEPTED ☐ COMPETITIVE
☐ OFFICER ☒ WARRANT OFFICER ☒ ENLISTED
TEMPORARY INDEFINITE
"ALL BOARD TECHNICIANS - PERMANENT"

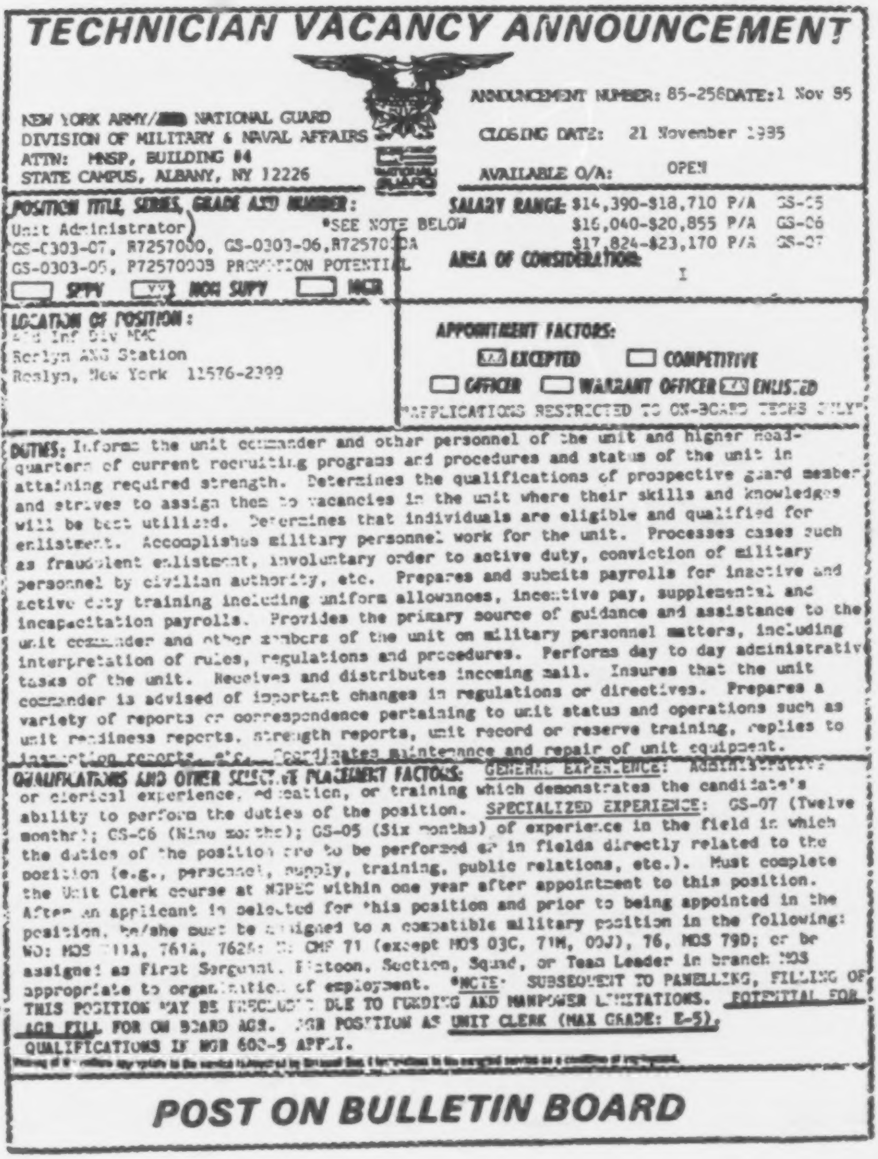
DUTIES: Informs the unit commander and other personnel of the unit and higher Headquarters of current recruiting programs and procedures and status of the unit in attaining required strength. Determines the qualifications of prospective guard members and strives to assign them to vacancies in the unit where their skills and knowledges will be best utilized. Determines that individuals are eligible and qualified for enlistment. Accomplishes military personnel work for the unit. Processes cases such as fraudulent enlistment, involuntary order to active duty, conviction of military personnel by civilian authority, etc. Prepares and submits payrolls for inactive and active duty training including uniform allowances, incentive pay, supplemental and incapacitation payrolls. Provides the primary sources of guidance and assistance to the unit commander and other members of the unit on military personnel matters, including interpretation of rules, regulations and procedures. Performs day to day administrative tasks of the unit. Receives and distributes incoming mail. Insures that the unit commander is advised of important changes in regulations or directives. Prepares a variety of reports or correspondence pertaining to unit status and operations such as unit readiness reports, strength reports, unit record or reserve training, replies to inspection reports, etc. Coordinates maintenance and repair of unit equipment.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidate's ability to perform the duties of the position. SPECIALIZED EXPERIENCE: GS-07 (Twelve months); GS-06 (Nine months); GS-05 (Six months) of experience in the field in which the duties of the position are to be performed or in fields directly related to the position (e.g., personnel, supply, training, public relations, etc.). Must complete the Unit Clerk course at NGPEC within one year after appointment to this position.

→ SPECIAL FOR [illegible] FILL FOR [illegible] BOARD AGR. AGR POSITION AS UNIT CLERK (MOS [illegible]: E-5). QUALIFICATIONS IN NGR 600-5 APPLY.
*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING OR MANPOWER LIMITATIONS. PROMOTION POTENTIAL TO GS-07 - MAY BE PROMOTED TO TARGET LEVEL OF GS-07 WITHOUT COMPETITION UPON ATTAINMENT OF SKILLS REQUIRED AT THE TARGET LEVEL.

Wearing of the uniform appropriate to the service is required by National Guard technicians in the excepted service as a condition of employment

POST ON BULLETIN BOARD



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY/[redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER: 85-256 DATE: 1 Nov 85

CLOSING DATE: 21 November 1985

AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
Unit Administrator *SEE NOTE BELOW
GS-0303-07, R7257000, GS-0303-06, R7257000A
GS-0303-05, P7257000B PROMOTION POTENTIAL
☐ SPRV ☒ NON SUPV ☐ NGR

SALARY RANGE: $14,390-$18,710 P/A GS-05
$16,040-$20,855 P/A GS-06
$17,824-$23,170 P/A GS-07

AREA OF CONSIDERATION: I

LOCATION OF POSITION:
42d Inf Div HHC
Roslyn ANG Station
Roslyn, New York 11576-2399

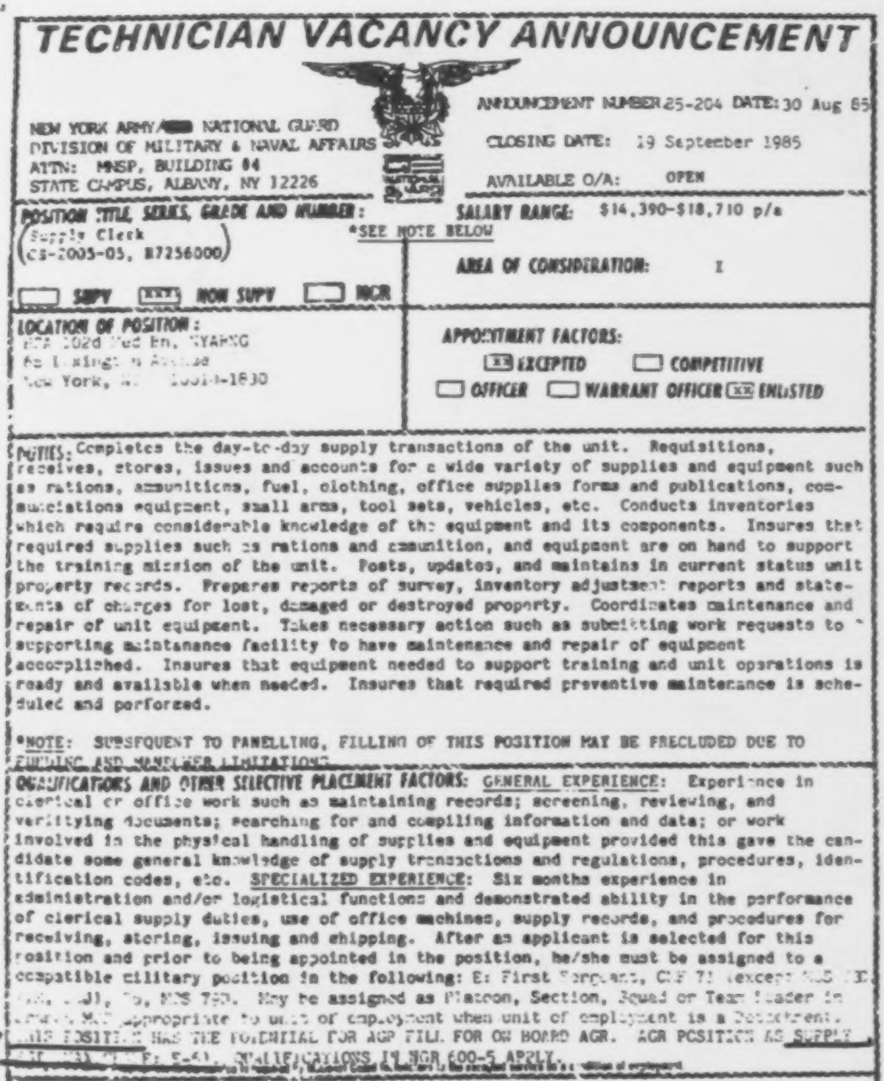
APPOINTMENT FACTORS:
☒ EXCEPTED ☐ COMPETITIVE
☐ OFFICER ☐ WARRANT OFFICER ☒ ENLISTED
"APPLICATIONS RESTRICTED TO ON-BOARD TECHS ONLY"

DUTIES: Informs the unit commander and other personnel of the unit and higher headquarters of current recruiting programs and procedures and status of the unit in attaining required strength. Determines the qualifications of prospective guard member and strives to assign them to vacancies in the unit where their skills and knowledges will be best utilized. Determines that individuals are eligible and qualified for enlistment. Accomplishes military personnel work for the unit. Processes cases such as fraudulent enlistment, involuntary order to active duty, conviction of military personnel by civilian authority, etc. Prepares and submits payrolls for inactive and active duty training including uniform allowances, incentive pay, supplemental and incapacitation payrolls. Provides the primary source of guidance and assistance to the unit commander and other members of the unit on military personnel matters, including interpretation of rules, regulations and procedures. Performs day to day administrative tasks of the unit. Receives and distributes incoming mail. Insures that the unit commander is advised of important changes in regulations or directives. Prepares a variety of reports or correspondence pertaining to unit status and operations such as unit readiness reports, strength reports, unit record or reserve training, replies to inspection reports, etc. Coordinates maintenance and repair of unit equipment.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Administrative or clerical experience, education, or training which demonstrates the candidate's ability to perform the duties of the position. SPECIALIZED EXPERIENCE: GS-07 (Twelve months); GS-06 (Nine months); GS-05 (Six months) of experience in the field in which the duties of the position are to be performed or in fields directly related to the position (e.g., personnel, supply, training, public relations, etc.). Must complete the Unit Clerk course at NGPEC within one year after appointment to this position. After an applicant is selected for this position and prior to being appointed in the position, he/she must be assigned to a compatible military position in the following: WO: MOS 711A, 761A, 762A; EN: CMF 71 (except MOS 03C, 71M, 00J), 76, MOS 79D; or be assigned as First Sergeant, Platoon, Section, Squad, or Team Leader in branch MOS appropriate to organization of employment. *NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS. POTENTIAL FOR AGR FILL FOR ON BOARD AGR. AGR POSITION AS UNIT CLERK (MAX GRADE: E-5). QUALIFICATIONS IN NGR 600-5 APPLY.

[illegible]

POST ON BULLETIN BOARD



TECHNICIAN VACANCY ANNOUNCEMENT

NEW YORK ARMY/[redacted] NATIONAL GUARD
DIVISION OF MILITARY & NAVAL AFFAIRS
ATTN: MNSP, BUILDING #4
STATE CAMPUS, ALBANY, NY 12226

ANNOUNCEMENT NUMBER 25-204 DATE: 30 Aug 85
CLOSING DATE: 19 September 1985
AVAILABLE O/A: OPEN

POSITION TITLE, SERIES, GRADE AND NUMBER:
(Supply Clerk
GS-2005-05, B7256000)
*SEE NOTE BELOW

☐ SUPV ☒ NON SUPV ☐ WGR

SALARY RANGE: $14,390-$18,710 p/a

AREA OF CONSIDERATION: I

LOCATION OF POSITION:
[illegible] 102d Med Bn, NYARNG
[illegible] Lexington Avenue
New York, NY [illegible]-1830

APPOINTMENT FACTORS:
☒ EXCEPTED ☐ COMPETITIVE
☐ OFFICER ☐ WARRANT OFFICER ☒ ENLISTED

DUTIES: Completes the day-to-day supply transactions of the unit. Requisitions, receives, stores, issues and accounts for a wide variety of supplies and equipment such as rations, ammunitions, fuel, clothing, office supplies forms and publications, communications equipment, small arms, tool sets, vehicles, etc. Conducts inventories which require considerable knowledge of the equipment and its components. Insures that required supplies such as rations and ammunition, and equipment are on hand to support the training mission of the unit. Posts, updates, and maintains in current status unit property records. Prepares reports of survey, inventory adjustment reports and statements of charges for lost, damaged or destroyed property. Coordinates maintenance and repair of unit equipment. Takes necessary action such as submitting work requests to supporting maintenance facility to have maintenance and repair of equipment accomplished. Insures that equipment needed to support training and unit operations is ready and available when needed. Insures that required preventive maintenance is scheduled and performed.

*NOTE: SUBSEQUENT TO PANELLING, FILLING OF THIS POSITION MAY BE PRECLUDED DUE TO FUNDING AND MANPOWER LIMITATIONS.

QUALIFICATIONS AND OTHER SELECTIVE PLACEMENT FACTORS: GENERAL EXPERIENCE: Experience in clerical or office work such as maintaining records; screening, reviewing, and verifying documents; searching for and compiling information and data; or work involved in the physical handling of supplies and equipment provided this gave the candidate some general knowledge of supply transactions and regulations, procedures, identification codes, etc. SPECIALIZED EXPERIENCE: Six months experience in administration and/or logistical functions and demonstrated ability in the performance of clerical supply duties, use of office machines, supply records, and procedures for receiving, storing, issuing and shipping. After an applicant is selected for this position and prior to being appointed in the position, he/she must be assigned to a compatible military position in the following: E8 First Sergeant, CMF 71 (except [illegible]), E6, MOS 76[illegible]. May be assigned as Platoon, Section, Squad or Team Leader in [illegible] MOS appropriate to unit of employment when unit of employment is a Detachment. THIS POSITION HAS THE POTENTIAL FOR AGR FILL FOR ON BOARD AGR. AGR POSITION AS SUPPLY [illegible] E-6). QUALIFICATIONS IN NGR 600-5 APPLY.

POST ON BULLETIN BOARD

DEPARTMENTS OF THE ARMY AND THE AIR FORCE
NATIONAL GUARD BUREAU
WASHINGTON, D.C. 20310 - 2500

11 October 1985

Manpower Division

Mr. John T. Hunter
President
Association of Civilian Technicians
Suite 34-A
932 Hungerford Drive
Rockville, Maryland 20850

Dear Mr. Hunter:

The material to which you refer in your September 24th letter consisted of duplicate copies of vacancy advertisements and several letters concerning alleged questionable management practices in the full-time support program in New York State. As we had discussed during our September 5th meeting, these materials have been used as background for our ongoing program evaluation of the AGR program. Specifically, the Evaluation and Utilization Branch, Manpower Division has been alerted to the situations mentioned in the letters, viz. the case of the 3rd Bde, 42nd ID.

Further, concerning the dual status advertisement of a technician position in New York State, we have been advised that such practices have now been stopped in this State. We will continue to monitor this situation through our site visits to New York.

Thank you for your information on these matters.

Sincerely,

DAVID R. ELLIOTT
Colonel, GS
Chief, Manpower Division

NOT FOR RELEASE UNTIL AUTHORIZED BY THE COMMITTEE

June 6, 1983

MEMORANDUM FOR THE CHAIRMAN

Re: Conversion of Technicians from
Civilian to Military Positions
in the Army Reserve and
Army National Guard
Department of Defense

By directive dated March 24, 1983, the Committee requested an investigation of the conversion of technicians from civilian to military positions in the Army and Air Force. This report covers the conversion of positions in the Army Reserve and Army National Guard.

Respectfully submitted,

CR Anderson

Robert C. Quigley, Director
Surveys and Investigations Staff
House Appropriations Committee

C. R. Anderson
Chief of the Surveys and
Investigations Staff
House Appropriations Committee

In accordance with the current Program Objective Memorandum (POM), the Army National Guard plans to have 54,426 full-time support personnel by the end of FY 1988, an increase of 17,200 or 46 percent over FY 1983. The following table shows the proposed make up of the full-time support in FY 1988.

Type of Position	Number	Percent
Technicians ------------------	22,250	41
AGR/FTM ----------------------	25,635	47
AGR/Converted ----------------	5,691	10
Active Component -------------	850	2
Totals -------------------	54,426	100

As shown by the tables, the military presence in the Army National Guard is projected to grow from 39 percent of the full-time support in FY 1983 to 59 percent of full-time support in FY 1988.

In addition to the added strength, the National Guard Bureau is also in the process of realigning the types of duty performed by the civilian and military full-time support personnel. The following table shows the changes in staffing at the unit support and maintenance activities between FY 1983 and FY 1988.

	FY 1983	FY 1988
Unit Support:		
Military ------------------	9,914	22,715
Civilian ------------------	6,278	3,139
Totals ---------------	16,192	25,854
Maintenance:		
Military ------------------	1,662	5,682
Civilian ------------------	15,308	18,140
Totals ---------------	16,970	23,822

Ultimately, the Bureau intends to move all technicians out of the unit support activity. The following is the National Guard Bureau's model for FTM support of troop program units.

MAXIMUM FULL-TIME MANNING (FTM) GRADES

Assignment	Detachment	Company Battery Troop	Battalion Squadron Hospital	Brigade Group Regiment	Division
Training Officer ---	--	--	0-4	0-5	0-6
Supply Officer -----	--	--	0-3	0-4	0-5
Maintenance Officer	--	--	W4	--	--
Training NCO -------	E-6	E-7	E-8	E-9	E-9
Supply NCO ---------	--	E-6	E-7	E-8	E-9
Maintenance NCO ----	--	E-6	E-7	E-8	E-9
Administration -----	--	E-5	E-7	E-8	E-9

Calendar No. 1426

90th Congress } SENATE { Report
2d Session } { No. 1446

NATIONAL GUARD TECHNICIAN ACT OF 1968

July 22, 1968.—Ordered to be printed

Mr. Stennis, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 3865]

The Committee on Armed Services, having had under consideration the question of legislation affecting the National Guard technicians, reports the following bill (S. 3865), the National Guard Technician Act of 1968, and recommends that it do pass.

PURPOSE OF LEGISLATION

In authorizing Federal employee status for the National Guard technicians, the purpose of this legislation is—

(*a*) To provide a retirement and fringe benefit program which will be both uniform and adequate;

(*b*) To recognize the military requirements and the State characteristics of the National Guard by providing for certain statutory administrative authority at the State level with respect to the technician program;

(*c*) To clarify the technician's legal status which in certain areas has been the subject of conflicting court decisions, especially on the matter of whether technicians are covered under the Federal Tort Claims Act regarding third party actions against the U.S. Government.

BASIC PROBLEM JUSTIFYING LEGISLATION

The technicians, now numbering about 42,000, are full-time civilian employees of the National Guard whose salaries are paid in full by the Federal Government and who must meet all the mental and physical standards as well as professional qualifications prescribed by the military departments. About 95 percent of the technicians are required to hold concurrent National Guard membership as a condition for their civilian employment. The concept of the technician program is that the technicians will serve concurrently in three different ways: (*a*) Perform full-time civilian work in their units; (*b*) perform military training and duty in their units; and (*c*) be available to enter active Federal service at any time their units are called.

Despite uniformity with respect to salaries and required standards there has been no program, on a uniform national basis for a retirement and fringe benefits program for technicians. The technicians except for those in the District of Columbia, are considered State employees. About 16,000 or 40 percent are covered under Federal retirement systems which may be combined with the social security program. About 24,000 depend on social security alone for their civilian retirement coverage. It should be noted that a total of 92 percent of the technicians, however, are covered under social security which may be combined with State retirement programs.

The fringe benefit program of technicians, such as group health and group life insurance, is dependent solely on coverage which may vary from no coverage to whatever may be provided for other State employees.

In addition there is the matter of clarifying the precise legal status of the technicians to prevent conflicting court decisions regarding third party claims against the Government arising out of accidents within the scope of employment.

SUMMARY OF LEGISLATION

This bill implements the purpose by converting the technicians to Federal employee status with certain controls on administration and supervision which would as a matter of law remain at the State level. In effect, the technicians will become Federal employees receiving the salaries, fringe and retirement benefits, but with certain administrative control regarding employment supervision remaining with the adjutants general of the jurisdiction concerned under regulations prescribed by the Secretary concerned.

The principal features of this bill which are later discussed in detail may be summarized by item as follows:

(*a*) A broadened statutory scope of the technician employment program thereby eliminating the permanent provisions of law relating to "caretakers and clerks" which have been suspended by various appropriation acts.

(*b*) Conversion of National Guard technicians to a Federal employee status with the authority for requiring National Guard membership as a condition for civilian employment. About 95 percent of the technician force would be in this latter category. Federal status would be in the noncompetitive category for this group.

(*c*) Conversion of technician positions to classified or wage board Federal positions.

(*d*) Requirement for adjutants general to be the sole agent for employment and administration of technician program under regulations prescribed by the Secretary concerned.

(*e*) Provision for final level of appeal in adjutants general for all technicians for certain adverse personnel actions.

RESERVE COMPONENTS OF THE ARMED FORCES AND NATIONAL GUARD TECHNICIANS

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

NINETIETH CONGRESS

FIRST SESSION

ON

H.R. 2

AN ACT TO AMEND TITLES 10, 14, 32, AND 37, UNITED STATES CODE, TO STRENGTHEN THE RESERVE COMPONENTS OF THE ARMED FORCES, AND CLARIFY THE STATUS OF NATIONAL GUARD TECHNICIANS, AND FOR OTHER PURPOSES

JUNE 26, 27, SEPT. 27, OCT. 2 AND 3, 1967

Printed for the use of the Committee on Armed Services

FROM THE OFFICE OF
Howard W. Robison
MEMBER OF CONGRESS
33rd DISTRICT, NEW YORK

U.S. GOVERNMENT PRINTING OFFICE
83-280 WASHINGTON : 1967

General, do you have something to say?

General JOHNSON. I would add, Mr. Chairman, in view of your very keen interest in the Reserve component equipment question, that the provision of technicians and the assurance that there will be some continuity in technician employment are critical to the quantities of equipment that the Guard and Reserve forces can maintain, because maintenance cannot be performed adequately by the men themselves in the limited time they have available during their drill periods. There must be technicians in order to keep the equipment in operable condition.

Senator STENNIS. And you have to have good ones, too.

General JOHNSON. Yes, sir.

Senator STENNIS. Well, I just put up that sign of warning, not only because of the subject matter involved here, but the far-reaching consequences of it in other fields, the possible far-reaching consequences. Of course, I think it is always a serious matter when there is divided authority as to who is really in charge of any group, much less a military group, and you have got the question here where is this going to leave the adjutant general, who is the chief officer of the State in the National Guard? Where is he going to be? How much authority is he going to have, real authority in this matter? I hope the witnesses will address themselves to that point too.

I won't take further time now, but if I may, I will include the rest of my remarks here on these same two points I have mentioned in the record at this point.

(The statement referred to follows:)

What I am about to say relates to the whole approach of making the technicians federal employees as a matter of law.

For many years we have looked upon the National Guard as a semi-military organization and also as a state organization. What this bill does, of course, is to convert the technicians to federal employees as a matter of law. I realize that the bill makes the Adjutants Generals the employing agencies subject, of course, to such regulations as the Secretary of the Army may prescribe.

I further realize that this bill applies to the technician only in his full time civilian work and not only summer field training or his weekly drill At the same time, I am concerned that the character of the Guard could be changed. Hereafter, under this bill, the federal employees would be entitled to overtime in excess of forty hours a week, double pay for Sunday work, shift differential pay where a man works on other than his normal shift and all other federal benefits.

In addition, as a federal employee, he will also have the various job rights and appeal procedures available to other federal employees in connection with their jobs.

I think it is a matter of legitimate concern that over a period of time the technicians by virtue of becoming federal employees as a matter of law with all the rights, benefits, and obligations will cause a change in the feeling and spirit of the National Guard as we have known it. There will be a tendency to look to the federal laws rather than the state laws. Some people could say that by making the technicians federal employees, a big step has been taken toward converting the Guard to a federal character rather than a state organization as we have known it.

Senator STENNIS. I am going to have to ask the committee to excuse me now. I must go over to the Appropriations Committee meeting, where a markup is going on. Senator Cannon, may I ask you to preside, please?

General Rich, I hadn't called on you yet. Do you wish to say something?

General RICH. I have no comment except that I support and say we need title II of this bill very badly.

Senator STENNIS. All right, now could you make room for General Wilson there, gentlemen. You do not have to leave, of course, but you may if you wish, under the circumstances. The thanks of the committee too for coming. We appreciate your interest in the bill and your testimony on it.

Secretary RESOR. Thank you very much.

General JOHNSON. Thank you, Mr. Chairman.

Senator STENNIS. General Wilson, I am always delighted to have you. The committee knows you are going to be helpful to us on this. Senator Cannon, would you take the chair now, please.

Senator CANNON. Very well, General, you may proceed.

STATEMENT OF GEN. WINSTON P. WILSON, CHIEF, NATIONAL GUARD BUREAU, DEPARTMENTS OF THE ARMY AND AIR FORCE; ACCOMPANIED BY WILLIAM M. BLATT, LEGAL ADVISER, NATIONAL GUARD BUREAU; SOLOMON PAPPERMAN, CHIEF, CONTRACTS AND INSTRUCTION DIVISION; AND MAURICE S. BROWN, CHIEF ACTUARY, BUREAU OF RETIREMENT AND INSURANCE, U.S. CIVIL SERVICE COMMISSION

General WILSON. Thank you, Mr. Chairman. I have had the privilege of appearing before this committee on several occasions. Never has that privilege been of greater significance to me than it is today, for the proposed legislation relating to National Guard technicians' benefits is the culmination of many years' labor on the part of the Congress, the Department of Defense, and the National Guard Bureau.

The Congress has long been aware of the shortcomings of provisions for the retirement of National Guard technicians.

In 1954, it took the first step, by providing for the coverage of National Guard technicians under social security.

The Congress, in its 1955 amendments to the Reserve Officer Personnel Act made a special exception in favor of Air National Guard officer technicians "on board" on July 1 of that year by exempting them from elimination for length of service or time in grade.

In 1956, provision was made for the deduction of employee contributions in favor of the few State retirement systems which covered National Guard technicians.

In 1959, in the hearings on H.R. 8186, 86th Congress, the House Armed Services Committee endorsed the principle of military membership as a condition of technician employment. Although it rejected the request of the National Guard Association of the United States to except all officer technicians from the length of service and time in grade attritive provisions or ROPA, the committee expressed its hope that a better solution could be found before January 1, 1962, when the provisions were to become effective. The committee decided, and rightfully I believe, that the vitalization which ROPA was intended to provide was of more importance than the retention of technicians until they could qualify for retired pay under title III, at age 60.

Finally, in 1961, as the result of the action of your committee, the Congress authorized a limited Federal contribution to those States which covered their technicians under the local retirement systems.

None of these efforts have achieved the desired result of providing an adequate retirement system for all National Guard technicians. Possibly because of the cost to the States, or because their laws simply would not permit inclusion of federally paid employees, few States have been inclined to cover Guard technicians in the public employees retirement programs.

Twelve States provided coverage before the 1961 act. Only seven more and Puerto Rico have been added since then. The result is that 60 percent of our technicians, located in 31 States, have Social Security Act coverage only.

A great many bills have been introduced in this and preceding Congresses in order to improve the situation.

H.R. 7276, 87th Congress; H.R. 2504, 88th Congress; and H.R. 10457, 89th Congress would have extended the benefits of the Federal Civil Service Retirement Act to our technicians. In addition to H.R. 2, there are several House bills, and S. 1019 and S. 1072, all addressed to this same problem.

Title II of the current bill is, in the opinion of the executive departments, the only real solution to this very old problem.

I hardly need to tell this committee that the splendid showing of the National Guard in its mobilization for service in Korea and Berlin was due in large measure to the competence of its full-time technicians. Our year-round support of the Active Army and Air Force in the air defense of the United States is provided almost entirely by these men. Our Air National Guard has provided significant support for the Southeast Asia operations and is currently assisting in refueling fighter aircraft on a year-round basis stationed in Europe. Our planes would not fly except for our own technicians. As of June 30, 1967, we had 40,241 technicians--23,758 in the Army National Guard and 16,483 in the Air National Guard--distributed throughout the several States, Puerto Rico, and the District of Columbia.

The male technician occupies a position without legal parallel. His daily civilian tasks are closely related to his duties with his unit when it is ordered into active Federal military service. He must be a member of the National Guard in order to be employed as a technician, and his career as a civilian employee depends on maintaining that military status.

Every employee in private industry faces the possibility of losing his job if the plant shuts down or relocates. Public employees may be involuntarily separated because of a reduction in force. In the absence of such events, public and private employees in general can expect to retain their jobs until they reach retirement age, when their financial requirements are reduced.

The National Guard technician shares the dangers common to private employment and in addition faces the absolute certainty of losing his job at age 60 or earlier because of ROPA, or a deterioration in his health which will disqualify him for military service. These latter hazards oftentimes result in a loss of National Guard membership and civilian employment at a time when he can least afford it—when suitable employment is hard to find because of his age, and when the family's financial demands are at a lifetime peak.

Title III retired pay at age 60, and social security at age 62, the only benefits which some two-thirds of our technicians have to look forward to, do little to allay their deep concern for the intervening years.

Title II of this bill, which is identical to the legislative proposal 90–30 which the Department of Defense sent to the Congress on January 10, 1967, is, in my opinion, the one and only real solution. It is consistent with the recommendations of the President's Cabinet Committee on Federal Staff Retirement Systems and it has gained the approval of the Civil Service Commission, the Department of Health, Education, and Welfare and the Bureau of the Budget. Its basic principles were endorsed in 1965 at a special conference of all Adjutants General of the several States, and it has twice been endorsed by the Governors' Conference.

All technicians would become Federal employees, and be assured of retirement benefits under the Federal Civil Service Retirement Act or, in some cases, under a State retirement program if they so elect. A technician covered by Federal civil service retirement laws who is involuntarily separated from his civilian employment for no fault of his own—for example, if an activity is eliminated, or in the case of a commissioned officer, because of his length of service or time in grade—will be entitled to an immediate reduced annuity or to severance pay to the same extent as any other Federal employee who is involuntarily separated not for cause.

All technicians would be eligible under the life and health insurance programs of the Federal Government. They would continue to receive workmen's compensation provided by the Federal Employee's Compensation Act and, for the first time, the individual technician would have the backing provided by the Federal Tort Claims Act in the event of personal injury or property damage involving third persons.

Recognition for past service will be provided as it has for others, notably the County Agriculture Stabilization Committee employees. Just as in the case of other groups which have been given prior service credit, National Guard technicians will have the opportunity to make deposits covering their past service in order to receive the maximum annuity, or if they are unable or disinclined to do so, to receive a lesser annuity, reduced according to the formula of the Civil Service Retirement Act now set forth in section 8339(h) of title 5, United States Code.

Title II of the bill retains the authority to designate the Adjutants General of the several States to administer the program, thus keeping the operating responsibility at the State level, where it has worked very effectively for the last 50 years.

The cost of enactment of this legislation was appended to the January 10, 1967, letter of the Department of Defense transmitting its legislative proposal. Those costs were computed on the basis of salaries and insurance costs. A copy of that tabulation is attached.

(The attachment referred to follows:)

Senator Stennis. Of course, the 11 brigades consist of combat units and all. That changes the picture a great deal. That is the change by Senator Russell you have already mentioned here in your statement?

Colonel Carlton. Yes, sir; we take more the fact that our six Reserve combat divisions have been denuded and we now have three brigades instead of six divisions. But three brigades are better than no brigade at all.

Senator Stennis. I believe you said here each of the five armies. Would you limit it to five?

Colonel Carlton. No, sir; that was a suggestion. We had six very fine divisions. We had six army areas at the time. Because we have five numbered armies in the country, we think each army at least should have one combat division.

Senator Stennis. But you still think we ought to have six in all?

Colonel Carlton. Yes, sir.

Senator Stennis. Senator Smith?

Senator Smith. I have no questions at this time, Mr. Chairman.

Senator Stennis. Mr. Cannon.

Senator Cannon. Colonel, do you have any cost estimate—I know it will be difficult to determine one—concerning this reenlistment proposal which you discussed, the $100 reenlist component?

Colonel Carlton. We do not have one except we know the cost of training a new trainee, putting him through the 6-month program, and making a soldier out of him is a great deal more than the $100 which will be required. If we offer this to the trained and experienced noncoms, many of them stay voluntarily if you give them a modest incentive such as this.

Senator Cannon. But you have not made any attempt to make a survey such as what type of re-enlistment program you might be able to get with the $100 incentive?

Colonel Carlton. No, sir; this would be parallel with the reenlistment bonus which is offered in the Regular Service, which does serve to encourage a great many, especially the trained noncommissioned officers, to reenlist.

Senator Cannon. All of your testimony was directed toward title I. Do you have any position with respect to title II?

Colonel Carlton. Well, we have not really gotten into that, Senator Cannon. This affects the National Guard. I would just as soon not comment on that.

Senator Cannon. Thank you, Mr. Chairman.

That is all.

Senator Stennis. Thank you, Senator.

Senator Pearson?

Senator Pearson. I have no questions, Mr. Chairman.

Senator Stennis. Senator Dominick, do you have some question?

Senator Dominick. No, I am fine, Mr. Chairman.

Senator Stennis. Thank you very much, gentlemen. We are glad to have you here.

We now have as the next witness a member of the committee representing the National Guard Association, General Gelston of the State of Maryland.

Have a seat, General Gelston.

You are here with a statement for the National Guard Association. You are speaking for the president?

STATEMENT OF GEN. GEORGE M. GELSTON, ADJUTANT GENERAL, MARYLAND, FOR NATIONAL GUARD ASSOCIATION

General GELSTON. Yes, sir: I am substituting for General Cantwell.

Senator STENNIS. As I told you this morning, we are glad to have you here, sir.

We have copies of the statement which have been distributed. You may proceed in your own way.

General GELSTON. Mr. Chairman, in the interest of saving the time of this committee, I would not, unless requested, read the statement.

Senator STENNIS. Very well, we will insert the statement at this point in the record.

(The prepared statement of General Cantwell follows:)

Mr. Chairman and members of the committee, on behalf of the National Guard Association of the United States, I welcome and am grateful for this opportunity to appear before this Committee during its consideration of H.R. 2 which is designed to strengthen the Reserve Forces of the Armed Forces and to clarify the status of National Guard technicians.

Last year during the 89th Congress we testified before Subcommittee Number 2 of the Committee on Armed Services of the House of Representatives on the predecessor bill to H.R. 2 and generally indorsed the bill as it was enacted by the House late in the Congressional session.

Congress has long sought to provide the legislative framework within which the Reserve Components might be organized and administered so as to increase their capability, effectiveness, and responsiveness if and when called upon to support the Active Forces in the defense of the Nation.

Title I of H.R. 2 is another step in this direction. It is highly significant that this title would prescribe the appropriate limits within which the Executive Department may organize the Reserve Components, the degree of latitude which may be exercised and the support to be rendered. In our judgment, the administration of the Reserve Components and the support rendered thereto by the Department has not always measured up to Congressional intent in such premises. Accordingly, we welcome Congressional action in this area.

The only substantive change we would recommend to title I of the bill is to substitute a floor of 400,000 for the Army National Guard in lieu of the 380,000 figure now contained in the bill. This strength figure of 400,000 is the number that has been consistently approved by the Congress over a period of many years and, as a matter of fact, is the strength projected for the Army National Guard in the proposed reorganization recently announced by the Pentagon. Moreover, and equally important, it is the figure that the States have requested as necessary to meet State requirements for internal security and civil disaster missions. As a matter of interest Pentagon authorities have stated that if the floor remains in the bill at 380,000 the proposed troop structure will be ultimately revised to reflect a lesser number of units in the Army National Guard and a corresponding reduction of 20,000 in the authorized strength.

In respect to title II of H.R. 2, we urge its unqualified support by this Committee. It represents many years of effort by the States and the National Guard in seeking to establish a uniform retirement system and related benefits for an almost forgotten group of individuals, that is, the Federally paid civilian employees—technicians—of the National Guard. The contribution of these individuals to the effectiveness of the National Guard has long been recognized.

These, as you know, are the full time Guardsmen employed in civilian status who keep our aircraft flying, our tanks, weapons, vehicles and other equipment in serviceable condition. It is they who enable us to operate our supply system, our armories, air bases and other facilities on the full time basis that a modern reserve force requires. They are the men who give us the day-to-day continuity that is so essential to a highly ready, almost immediately responsive reserve force.

Under existing law the Federal Government considers these individuals to be State employees while acknowledging a degree of Federal responsibility for their welfare and lending a color of Federal employement. Coincidentally, numerous with full opportunity for training and membership in Reserve units as well as mobilization assignments, provided the individual indicates his availability for service if called. Certainly, there are few, if any, of us who could not be replaced in an emergency by someone qualified to perform our civilian job, but not trained for active military service.

I would appreciate it if this letter could be made part of the transcript of your distinguished Committee's hearings.

With high respect and personal regards,

Sincerely,

WILLIAM S. MAILLIARD,
Rear Admiral, USNR, Member of Congress.

STATEMENT OF MAJ GEN. R. C. KENDALL, THE ADJUTANT GENERAL OF MONTANA

STATE OF MONTANA,
OFFICE OF THE ADJUTANT GENERAL,
Helena, Mont, May 23, 1967.

Hon. MIKE MANSFIELD,
U.S. Senate, Washington, D.C.

DEAR SENATOR MANSFIELD: I am informed that the Senate Armed Services Committee will begin hearings on H.R. 2, the Reserve Forces Bill of Rights and Vitalization Act, early in June of this year.

As you know, Title I of this Bill will revise the composition and administration of the Reserve components substantially, and Title II will define the status of our National Guard Army and Air Technicians and provide for their retirement under the Federal Civil Service Retirement System.

Title II of H.R. 2 represents fifteen years of effort on the part of the National Guard Bureau, the National Guard Association and the several states to obtain Federal Civil Service status for 40,000 Army and Air National Guard Technicians, such as that given to Army and Air Force Reserve Technicians.

While there has never been any question as to the valid and indeed moral need for this Legislation, all previous efforts have been frustrated by technical obstacles which have arisen during the process of clearing all of the numerous Federal Bureaus and Departments concerned. Many of our Technicians are approaching mandatory retirement age, Reserve Officer promotion ceilings or leaving to work for business or industry in order to obtain job benefits such as insurance and a retirement program, and the delay or loss of the National Guard Technician Retirement Program would be a major blow to the many Technicians forced to leave employment, and also, to the entire Army and Air National Guard to which these personnel are vital in the accomplishment of their training, readiness and missions.

These Technicians are Army and Air National Guard members, who are also those full time civilian personnel, who maintain the equipment, aircraft, weapons systems and carry out the day-to-day administrative continuity which is so vital to maintaining a ready, viable, reserve force. The present unprecendented high state of readiness of our National Guard units is positive evidence of the effectiveness and energetic dedication of this group of public servants. This Bill will correct an inequity, which for many years has denied them their right to participate in a retirement system.

I can assure you that a trained, combat-ready unit cannot be maintained without the retention of our career technicians, who have the technical skills and ability to maintain complex equipment and installations, and train recruits and prior service personnel in the maintenance and operation of aircraft, tanks, missiles, radar and numerous other highly technical fields.

Your active support of this important legislation will enable the State of Montana to retain these four hundred employees in a career status; provide them with adequate job benefits, and also, insure a trained and ready National Guard force for the future.

With kindest personal regards, I am,

Sincerely yours,

R. C. KENDALL,
Major General, Montana NG.

STATEMENT BY SENATOR A. S. MIKE MONRONEY, OF OKLAHOMA

I am very pleased to have the opportunity to testify before the Senate Armed Services Committee on H.R. 2—The Reserve Forces Bill of Rights and Vitalization Act and National Guard Technicians Benefits Act. The implications of this legislation are extensive. In addition to establishing a practical organization of our reserve forces, it should finally bring to an end the incessant debate which has traditionally accompanied every proposed modification of the reserves.

Title I of H.R. 2 provides the reserves with an independent administrative structure which will establish the reserves as the integral but still independent part of our national defenses which they are.

The purpose of our reserve forces has always been to provide a secondary line of defense, ready for call to active duty on short notice. Although it is obvious that the operation of the reserves should always be integrated with that of the regular armed forces, this liaison must not be so strong as to hamper the operation of the reserves when they are not on active duty. The uniting of reserve and regular administrative channels has often led to subordination and stifling of reserve operations while priority is given to the regular forces. Although the reserves are designed to serve a back-up function for the regular forces, they are not a second-rate organization and the fulfillment of their mission is just as important as the activities of the active forces.

I feel that the establishment of a new Assistant Secretary of Defense for Reserve Affairs is a major step towards providing the reserves with the recognition and administrative structure they merit. This should be a separate position and not be joined with duties involving the regular forces, as recommended by the Department of the Army. Assuming that an assistant Secretary of Defense for Reserve Affairs and Manpower were established, I think that it is possible that were a request received from the reserves and the regular forces for additional manpower at the same time, the reserve request might not even be presented, much less given adequate consideration. One man cannot defend both sides of a case very effectively. An Assistant Secretary position for solely reserve affairs should be established not only as a matter of principle to give the reserves an independent voice reflecting their true position in our overall defense plans, but also as a practical measure considering the workload involved.

The strength of our reserve forces has fluctuated so much over recent years that instability has been a major factor in causing many dedicated men to leave the reserves. However, while action must be taken to provide the much needed stability, the manpower levels and unit structures must not be made inflexible.

The bill requires that the personnel strength of organized units in each of the reserve components be maintained at not less than a specific numerical strength. The establishment of these minimum limitations for the entire reserve organization, while leaving the organization of the personnel to the Department of Defense, should produce the necessary compromise. Floor limitations would prevent manpower needed by the reserves from being diverted to active forces to the detriment of the reserves. The Department of the Army has contended that the reserves are entirely voluntary and that it would be extremely difficult at times to recruit the necessary personnel to meet the minimum standards. However, this argument should be invalidated by the provision in the Military Selective Service Act of 1967 which enables men to enlist in the reserves after they receive orders to report for induction and before they are actually sworn in.

In addition, the minimum strength provision adds immensely to the integrity and independence of the reserves and allows Congress to fulfill properly its duty to regulate the military establishment.

Turning to Title II, the National Guard Technicians Benefits Act, I cannot express too strongly my conviction that this legislation is essential to the equitable treatment of National Guard technicians.

As you know, the legal status of these full-time civilian employees has long been unclear and has been the subject of considerable litigation in both State and Federal courts. They have been disclaimed as Federal employees by Federal authorities and as State employees by the majority of the States. Consequently, a large number of them are now denied retirement and other fringe benefits which Federal and State employees generally enjoy.

At this time there are approximately 40,000 technicians employed to care for the material, armament and equipment of the National Guard. These highly

Rhode Island Chapter-ACT
P.O. Box 92, Conimicut Sta.
Warwick, R.I. 02889

April 14, 1986

John T. Hunter
President - ACT
932 Hungerford Drive, Suite 34A
Rockville, Md. 20850

Dear John:

I have a prime example of the great expense of the AGR program over the technician program. We have a former AGR E-8 who is now a technician working as a WG-11 Electronics Repairman. He presently earns approximately $ 22,000 per year. He just recently completed a 4 year AGR tour. He had converted in place to AGR, from technician status, in the early 1980's. During his AGR tour, as an E-8, he earned approximately $ 40,000 a year including his allowances and housing expenses. In four years he earned approximately $ 72,000 more than a technician doing the exact same job. Plus, his net income was even higher because 1/3 of his AGR pay was tax free. He also received free health benefits and endless sick leave while a technician earns a day a month of sick leave and pays $ 100 a month for his health plan.

Another injustice is that he is allowed to keep his retirement contribution that he accumulated as a technician. He withdrew this money and deposited it in a money account earning 10% per year. He only has to return this money 6 months before he retires as a technician and pay a 2% penalty per year for a net profit of 8% per year. This money would normally have been in escrow with Uncle Sam as all technicians are obligated to do.

This person is now working as a technician, as I stated previously, doing the exact same job. He got so used to his AGR money he is now definitely feeling the great difference in his salary. He went for the big AGR money and did not suffer for his civilian retirement. He also received 4 years of active military points credited to his military retirement which costs Uncle Sam more money. These AGR tours are attracting more people like our E-8 for the fast buck. His production was no more, for the enormous difference in money, than a technician's. I sure see a lot of disadvantages to the AGR program but where is the AGR program advantageous? It is also proven that the technician is always ready for duty when he is called.

This man's name is Joseph Bouchard. He had restoration rights to his technician position and stayed on the same job from technician status to AGR status and back to technician status.

Yours truly,

Salvo Squadrito

Salvo Squadrito
President RIACT

April 23, 1986

Mr. John T. Hunter
The Association of Civilian Technicians
932 Hungerford Drive, Suite 34-A
Rockville, MD 20850

Dear Sir:

This letter is to inform you of a few of the discrepancies in the AGR program. There is an AGR unit at Fort Indiantown Gap, Annville, Pennsylvania, known as EAATS (Eastern Army National Guard Aviation Training Site). These people have a maintenance section to provide support for the helicopter operations of the EAATS site. Since January 1985, the civilian technician workforce at the Fort Indiantown Gap Flight Facility have provided approximately 1800 man hours of maintenance support to the AGR program. This fact is not mentioned by the AGR people when they tell of their flying program. Without the contribution of civilian technician man hours, the AGR program would be seriously hampered.

Another point is that of the eighty odd people at the EAATS site, none will be mobilized in case of emergency Federal or State, as they are designated a training unit. I fail to understand how this will affect the supposed increased readiness of the Guard. The Guard mobilizes while the AGR stays. This increases readiness?

Sincerely,

RICHARD E. BAUM

Richard E Baum

TUESDAY, APRIL 29, 1986.

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

WITNESS

JACK ROLLINS, PRESIDENT, OVERSEAS EDUCATION ASSOCIATION

INTRODUCTION

Mr. CHAPPELL. We will hear now from Jack Rollins, President of the Overseas Education Association.

STATEMENT OF MR. ROLLINS

Mr. ROLLINS. Thank you, Mr. Chairman.

I appreciate this opportunity to appear before you to present our views on the Department of Defense Dependents Schools budget.

I am President of the Overseas Education Association which represents approximately 7,500 teachers overseas and we are affiliated with the National Education Association.

As educators, we are proud of our school system and we believe in quality education and we take credit for the quality education the DODDS system provides.

I appear before you today to present proposals not only to maintain the level of quality education, but to improve on it. There is a need to raise the amount of money provided the DODDS system.

As you may know, there are more than 270 schools in the DODDS program located in about 20 countries, approximately 157,000 students today. It is the largest U.S. school system in geographical dimensions and one of the 10 largest in enrollment.

Because of its size and locations, it is understandable that there are unique costs related to DODDS that other school systems do not have such as overseas allowances for employees, the host nation program, and transportation costs. These unique costs need to be considered separately from the moneys identified for student programs.

COST PER STUDENT

In fiscal year 1985, DODDS received a budget allocation of only $3,402 for each student. That included the unique costs. In order to show a true comparison to other school systems, the unique costs must be deducted. The true per student cost for fiscal year 1985 was $3,122 which was below the national norm. In fiscal year 1986, DODDS requested a budget allocation of $3,818 for each student that included the unique costs. Without the unique cost, the true allocation would be $3,345 still below the national norm. Note that I said requested, not received. What was received gives us a greater problem.

BUDGET CUTS

During this fiscal year, the Department of Defense reduced the DODDS budget by approximately $36 million as a result of budget cuts imposed by the Congress, $553,845,000 requested budget reduced to $517,103,000 appropriated.

As a result of the Gramm-Rudman-Hollings Act, a further reduction was imposed resulting in a loss of another $25,420,661, leaving the budget at approximately $492,000,000. When the unique costs are deducted from this amount, there is an allocation of only $2,908 per student.

This allocation should be an embarrassment to the Federal Government because it must admit that dependent children of both the military and civilian work force overseas are not receiving a comparable education to other United States school systems.

QUALITY OF LIFE PROGRAMS

On February 7, 1986, Secretary of the Army John O. Marsh, Jr. told a hearing of the House Armed Services Committee that "If only one program could be protected from budget cuts, it should be the $5.9 billion program designed to improve the quality of life of soldiers and their families."

Even though the Secretary did not mention schools as part of his concept for the quality of life program, we feel strongly that it is one of the main concepts for quality of life for military and civilian families.

EFFECT OF BUDGET CUTS

We agree with the Secretary on protecting certain programs from budget cuts. Today we request that this Congress consider exempting the DODDS system from budget cuts and request consideration be given to increasing the budget to bring our school system up to par or better than most stateside school systems.

I draw your attention to a recent article in The Post that pointed out the $2.2 billion surplus that Secretary Weinberger seems to have found in the budget could easily be moved to our school system to offset this deficit.

We call your attention to the action taken by the Department of Defense and DODDS to reduce programs to compensate for the budget cuts.

Careful analysis of the attachments will show you that the teachers took the brunt of the cuts. Staff was reduced resulting in greater class loads for the remaining staff. The use of substitutes was suspended resulting in the loss of preparation time for classroom teachers. Training opportunities for teachers were suspended leaving teachers without the ability to meet new qualifications and recertification standards imposed by DODDS. The beginning of SY 1986 to 1987 was delayed in order to save on teacher pay. Last but not least, the teacher transfer program was cancelled and teachers lost the opportunity to be reassigned.

Further analysis will show you the effects on our students. The delay of school opening for SY 1986-89 will result in many students losing as much as one quarter education due to the late departure of military families because of their budget cuts. There will be a drastic reduction in funding for extracurricular programs. School materials will be reduced. Classes will be overloaded resulting in less time for individual student attention by teachers. Educational opportunities will be reduced due to the reduction in staffing for specialists such as art, music and physical education.

The result of the cuts will show up in future staffing rations that will move DODDS further from the national norm when it comes to the amount of moneys allocated for each student. It is the opinion of our educators that we will see the steady decline in student achievement and the steady decline in teacher competency due to the mass exodus of qualified personnel.

This mass exodus will be due to the many concerns that teachers have with the DODDS system. The teacher shortage in the United States along with the problems of terrorism and loss of benefits to Federal employees overseas will present recruiting problems.

DODDS BUDGET

We appeal to the committee to take immediate action to restore funds that have been cut from the DODDS fiscal year 1986 budget and approve funds for the fiscal year 1987 budget that will put the DODDS school system on a comparable level or above with other U.S. school systems.

In order to make us comparable, based on fiscal year 1985 statistics, we would need a minimum of $595,437,337, 157,749 students time $3.414 per student cost plus the unique costs of $57,040,000. We would be comparable, based on fiscal year 1986 statistics, with $637,917,750, 157,749 students time $3,677 per student cost plus the unique costs of $57,040,000. The true comparability would require, based on fiscal year 1987 statistics, $719,585,800, 157,749 students time $4,200 per student cost plus the unique costs of $57,040,000.

DODDS has requested a budget of $673,581,000 which includes additional moneys over the present budget for special programs. We support their request, but want the additional moneys requested for special programs to be added to the comparability costs of $719,585,800.

Therefore, for fiscal year 1987 we are requesting a DODDS budget of $740,736,800.

In addition, we request that consideration be given to identifying specific programs for funding in the DODDS budget as required by law, Public Law 95–561, Title XIV, November 1, 1978, related to the handicap, compensatory education, vocational education, gifted and talented, and individuals of limited English-speaking ability.

In addition to the DODDS budget, the Department of Defense is requesting $138,467,000 for the Section Six schools. We support this proposal but prefer that these schools also be put on a comparable level with the national norm. We propose that $152,321,400 be allocated based on a $4,200 per student cost for fiscal year 1987, 36,267 students time $4,200 minus $845,000 unique costs.

As a final request, we ask that a special subcommittee be formed to study the DODDS system as it relates to the Department of Education in curriculum development and the advisory counsel, Advisory Council for Dependents Education, the new Department of Defense Office of Education under the ASD–FMP in budget determinations and policy making.

It is our opinion that forces within the Department of Defense are programming a return of the Dependents Schools system to military control, a system that proved unworkable and was changed by Congress in 1975.

Thank you for your attention.

Mr. CHAPPELL. Thank you for very fine testimony.

Mr. Hefner?

Mr. HEFNER. No questions.

Mr. CHAPPELL. Mr. Miller?

SECURITY MEASURES

Mr. CLARENCE MILLER. I have a quick question, Mr. Chairman.

Mr. Rollins, you mentioned about having some 270 schools in 20 different countries and with the problems that we have with terrorism, what is being done in order to protect those students?

Mr. ROLLINS. Sir, I cannot give you first-hand information on every location, but security measures have been taken to protect the installations. We have many schools, many dependents are located in housing areas that have no protection. It is impossible to protect them. One of the concerns we do have is over the impact of the terrorist attacks on even recruitment. It is going to have a serious impact on recruitment of personnel.

We are going to see many teachers opt not to go abroad because of the terrorist attacks and other concerns we have expressed so I cannot answer today what has been done to protect personnel and students. I just know that it is impossible to protect all of them.

COSTS PER STUDENT

Mr. CLARENCE MILLER. You speak of the unique costs and you say that after deducting those there is an allocation of about $2,908 per student. Where we have the property taxes that support the schools locally, do we have the parents of the students who are overseas supporting in any way the cost of the education of those students?

Mr. ROLLINS. Sir, it is my understanding that some parents who live in the United States do pay property taxes if they own property, but the education of their children, as I understand it, is through Federal appropriations, aid programs, and I addressed here a Section Six group program also advocating increasing moneys because we believe that quality education depends on that funding and we see the funding in the United States being drastically reduced. We would hate to see quality education of dependents being reduced.

Mr. CLARENCE MILLER. I am asking whether the Foreign Service Officers are paying anything to educate their children.

Mr. ROLLINS. Stateside, sir.

Mr. CLARENCE MILLER. In the 20 countries where you have the 270 schools.

Mr. ROLLINS. If they attend our school system, they do not pay.

Mr. CLARENCE MILLER. Thank you.

Mr. CHAPPELL. Mr. Rollins, we are grateful to you and your organization for the fine work you do and we are very proud of our overseas schools and will do what we can to assist you.

Mr. ROLLINS. We thank you for the legislation that this committee incorporated and passed reports that gave us teacher aids. We would like to have the money now so we could implement the program.

Mr. CHAPPELL. Thank you.

[The statement of Mr. Rollins follows:]

STATEMENT OF THE
OVERSEAS EDUCATION ASSOCIATION
ON THE
PROPOSED DEPARTMENT OF DEFENSE BUDGET
FOR THE
DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

Presented to the

Committee on Appropriations

Jack Rollins, President
Overseas Education Association

Mr. Chairman and members of the Committee:

I am Jack Rollins, President of the Overseas Education Association, representing approximately 7,500 teachers in the Department of Defense Dependents Schools.

I appreciate the opportunity to appear before you to present our views on the Department of Defense Dependents Schools budget.

As educators we are proud of our school system. We believe in quality education and take credit for the quality education that the DODDS system provides. I appear before you today to present proposals not only to maintain the level of quality education, but to improve on it. There is a need to raise the amount of money provided the DODDS system.

There are more than 270 DODDS schools located in 20 countries with approximately 157,000 students. DODDS is the largest United States school system in geographical dimensions, and one of the ten largest in enrollment. Because of its size and locations it is understandable that there are unique costs related to DODDS that other school systems do not have, such as overseas allowances for employees, host nation programs, and transportation costs for the reassignment of employees. These unique costs need to be considered separately from the monies identified for student programs. In FY 1985 DODDS received a budget allocation of $3,402 for each student that included the unique costs. In order to show a true comparison to other school systems the unique costs must be deducted. The true per student cost for FY 85 was $3,122 which was below the national norm (see Attachment 1, EXHIBIT OP-15 and Attachment 4). In FY 1986 DODDS requested a budget allocation of $3,818 for each student that included the unique costs. Without the unique cost the true allocation would be $3,345 still below the national norm. Note that I said requested, not received. What was received gives us a greater problem.

During this fiscal year the Department of Defense reduced the DODDS budget by approximately 36 million dollars as a result of budget cuts imposed by the Congress ($553,845,000 requested budget reduced to $517,103,000 Appropriated. See Attachment 1,EXHIBIT OP-5). As a result of the Gramm-Rudman-Hollings Act a further reduction was imposed resulting in a loss of another $25,420,661, leaving the budget at approximately $492,000,000. When the unique costs are deducted from this amount there is an allocation of only $2,908 per student. This allocation should be an embarrassment to the federal government because it must admit that dependent children of both the military and civilian work force overseas are not receiving a comparable education to other United States school systems.

On February 7, 1986 Secretary of the Army John O. Marsh, Jr. told a hearing of the House Armed Services Committee that "if only one program could be protected from budget cuts, it should be the $5.9 billion program designed to improve the quality of life of soldiers and their families." Even though the Secretary did not mention schools as part of his concept for the quality of life program, we feel strongly that it is one of the main concepts for quality of life for military and civilian families (see Attachment 5). We agree with the Secretary on protecting certain programs from budget cuts. Today we request that this Congress consider exempting the DODDS system from budget cuts and request consideration be given to increasing the budget to bring our school system up to par or better than most Stateside school systems.

We call your attention to the action taken by the Department of Defense and DODDS to reduce programs to compensate for the budget cuts (see Attachment 2).

Careful analysis of the attachments will show you that the teachers took the brunt of the cuts. Staff was reduced resulting in greater class loads for the remaining staff. The use of substitutes was suspended resulting in the loss of preparation time for classroom teachers. Training opportunities for teachers were suspended leaving teachers without the ability to meet new qualifications and recertification standards imposed by DODDS. The beginning of SY 1986-87 was delayed in order to save on teacher pay. Last but not least the teacher transfer program was cancelled and teachers lost the opportunity to be reassigned.

Further analysis will show you the effects on our students. The delay of school opening for SY 86-87 will result in many students losing as much as one quarter education due to the late departure of military families because of their budget cuts. There will be a drastic reduction in funding for extra-curricular programs. School materials will be reduced. Classes will be overloaded resulting in less time for individual student attention by teachers. Educational opportunities will be reduced due to the reduction in staffing for specialists such as Art, Music, and Physical Education.

The result of the cuts will show up in future staffing ratios (see Attachment 3) that will move DODDS further from the national norm when it comes to the amount of monies allocated for each student (see Attachment 4). It is the opinion of our educators that we will see the steady decline in student achievement and the steady decline in teacher competency due to the mass exodus of qualified personnel.

This mass exodus will be due to the many concerns that teachers have with the DODDS system (see Attachment 6). The teacher shortage in the United States along with the problems of terrorism and loss of benefits to federal employees overseas will present recruiting problems.

We appeal to the committee to take immediate action to restore funds that have been cut from the DODDS FY 86 budget and approve funds for the FY 87 budget that will put the DODDS school system on a comparable level or above with other United States school systems. In order to make us comparable (based on FY 85 statistics) we would need a minimum of $595,437,337 (157,749 students x $3.413 per student cost plus the unique costs of $57,040,000). We would be comparable (based on FY 86 statistics) with $637,917,750 (157,749 students x $3,677 per student cost plus the unique costs of $57,040,000). The true comparability would require (based on FY 87 statistics) $719,585,800 (157,749 students x $4,200 per student cost plus the unique costs of $57,040,000).

DODDS has requested a budget of $673,581,000 which includes additional monies over the present budget for special programs (see Attachment 7). We support their request, but want the additional monies requested for special programs to be added to the comparability costs of $719.585,800. Therefore for FY 87 we are requesting a DODDS budget of $740,736,800. In addition we request that consideration be given to identifying specific programs for funding in the DODDS budget as required by law (P.L. 95-561, TITLE XIV, Nov. 1, 1978) related to the handicap, compensatory education, vocational education, gifted and talented, and individuals of limited English-speaking ability (ESL).

In addition to the DODDS budget the Department of Defense is requesting $138,467,000 for the SECTION SIX Schools. We support this proposal but prefer that these schools also be put on a comparable level with the national norm. We propose that $152,321,400 be allocated based on a $4200 per student cost for FY 87 (36,267 students x $4200 minus $845,000 unique costs).

As a final request we ask that a special subcommittee be formed to study the DODDS system as it relates to the Department of Education in curriculum development and the advisory council (Advisory Council for Dependents Education-ACDE), the new Department of Defense office of education under the ASD FMP in budget determinations and policy making. It is our opinion that forces within the Department of Defense are programming a return of the Dependents Schools System to military control - a system that proved unworkable and was changed by Congress in 1975.

Thank you for your attention.

REPRODUCED AT GOVERNMENT EXPENSE

ATTACHMENT 1

DEPARTMENT OF DEFENSE
DEPENDENTS EDUCATION

FY 1987 PRESIDENT'S BUDGET

FEBRUARY 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEP S EDUCATION
APPROPRIATION HIG...NTS
($in Thousands)

Operation and Maintenance, Defense Agencies

FY 1985 Actual	Price Growth	Program Growth	FY 1986 Estimate	Price Growth	Program Growth	FY 1987 Estimate
627,620	31,602	49,004	708,226	39,527	64,295	812,048

FY 1985 to FY 1986:
The price growth between FY 1985 and FY 1986 supports a projected 8% teacher pay raise plus associated benefits ($21,566), a pay raise for Foreign National Direct Hires ($110) and the allowable inflation of 3.5% for other programs ($9,926). Program growth in civilian personnel supports within grade increases and the increased government portions of higher FICA taxes and higher health insurance rates ($5,297). Other program growth includes dollars ($43,707) for foreign currency fluctuation, comparability for Section 6 schools offset by minor decreases in stock fund and supply purchases.

FY 1986 to FY 1987:
The price growth between FY 1986 and FY 1987 supports a projected 8% teacher pay raise plus associated benefits ($24,926), a pay raise for Foreign National Direct Hires ($375), and the allowable inflation of 4.0% for other programs ($14,226). The program growth ($64,295) between FY 1986 and FY 1987 supports an additional 654 workyears, a travel increase, foreign currency fluctuation, and comparability for Section 6 schools offset by minor program decreases in equipment purchases.

Exhibit PDA-19
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEP S EDUCATION
MANPOWER TAB

Summary:	FY 1985	FY 1986	FY 1987
Civilian Personnel	12,887	12,715	13,453
Military Personnel			
Reserve/National Guard Personnel			

(Full-Time Equivalent End-Strength)

Civilian Personnel: By Type of Hire	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
U.S. Direct Hire	11,920	11,577	12,295
Foreign National Direct Hire	184	202	222
Foreign National Indirect Hire	783	936	936
Total	12,887	12,715	13,453
By Type of Appropriation			
Operation and Maintenance	12,887	12,715	13,453
Industrial and Management Funds			
Research, Development, Test, and Evaluation			
Military Construction			
Military Family Housing			
Military Assistance			
Etc.			
Total	12,887	12,715	13,453
Civilian Workyears			
Operations and Maintenance, Defense Agencies	12,104	11,762	12,416
Summary of Increase/Decreases		-342	+654

The decrease of 342 workyears in FY 1986 is attributed largely to the imposed full-time equivalent workyears plan established in PBD 661. In FY 1987, an additional 738 spaces were received in PBD 081. There are 654 workyears associated with the increase in spaces.

Exhibit PBA-2C
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
SUMMARY BY OBJECT CLASSIFICATION
($ in Thousands)

		FY 1985	FY 1986	FY 1987
10.000	Direct Obligations:			
11.100	Personnel Compensation:	275,801	300,243	351,786
11.111	Full-Time Permanent:	233,425	269,433	319,767
11.131	Other than Full-Time Perm.	36,094	24,735	25,139
11.151	Other Personnel Comp.	6,282	6,075	6,880
11.211	Personnel Benefits: Civilian	52,952	55,483	65,028
12.101	Travel and Transportation of Persons	40,986	49,652	59,842
12.201	Transportation of Things	9,450	13,860	14,368
12.311	Standard Level User Charges	226	643	750
12.321	Communications, Utilities & Other Rent	22,221	24,188	24,660
12.401	Printing and Reproduction	1,118	516	539
12.500	Other Services:	181,944	226,369	251,947
12.501	Payments to Foreign National Indirect Hire Personel	15,027	15,102	15,858
12.503	Contracts	634	800	[illegible]
12.504	Other	166,283	210,467	235,346
12.601	Supplies and Materials	28,746	19,542	29,955
13.101	Equipment	14,176	17,730	13,173
19.991	TOTAL DIRECT OBLIGATIONS	627,620	708,226	812,048
20.000	Reimbursable Obligations:			
22.500	Other Services:	28,574	26,890	26,759
29.991	TOTAL OBLIGATIONS	28,574	26,890	26,759
	TOTAL OBLIGATIONS:	656,194	735,116	838,807

Exhibit PB-2
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
SCHEDULE OF CIVILIAN PERSONNEL

Section I. Civilian
Personnel

Personnel Category	FY 1985 End Strength	FY 1986 End Strength	FY 1987 End Strength	FY 1988 End Strength
Operation & Maintenance, Defense Agencies	12,887 *	12,715	13,453	13,481
U.S. Direct Hire	11,920	11,577	12,295	12,323
Foreign Direct Hire	184	202	222	222
Foreign Indirect Hire	783	936	936	936

* Includes 369 substitute teachers paid as intermittent employees during September 1985.

Exhibit PB-4
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF SE DEPENDENTS EDUCATION
OPERATIONS AND TENANCE, DEFENSE AGENCIES
PUBLIC AFFAIRS
($ in Thousands)

	FY 1985			FY 1986			FY 1987
	Limitation	Pay Raise	Total	Limitation	Pay Raise	Total	Request
Obligations							
Operations and Maintenance	45		45	47		47	50
Civilian End Strength	1		1	1		1	1

Narrative Justification

The DoDDS public affairs officer has sole public affairs authority for the DoDDS system, which has schools geographically dispersed in 20 foreign countries and the United States. She/he maintains constant contact with members of the news media, writes news releases, is a regular guest on radio programs from the American Forces Radio and Television Service, an intermittent guest on Voice of America, and plans, schedules, and moderates interviews for DoDDS officials with the news media.

She/he maintains the public affairs program to inform the American public; members of the U.S. Congress and their staffs; the Department of Defense military and civilian personnel in the United States and abroad; other U.S. Government agencies' personnel; and the citizens, education ministers, and other officials of the 20 foreign countries in which DoDDS schools are located about the mission, functions, and activities of worldwide school system.

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
DEPARTMENT OF DEFENSE MANAGEMENT HEADQUARTERS

Category/Organization/Appropriation	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate	
	Civilian End Strength	Total Obligation ($000)	Civilian End Strength	Total Obligation ($000)	Civilian End Strength	Total Obligation ($000)
Office of Dependents Schools	103	11,360	100	12,905	100	13,961
O&M, Defense Agencies (Direct)	103	11,360	100	12,905	100	13,961

Exhibit PB-22
February 21, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPE . EDUCATION
Special Analysis - Generic
Contracted Advisory and Assistance Services
($000)

APPROPRIATION: Operation & Maintenance, DA

DATE: February 24, 1986

	FY 1985	FY 1986	FY 1987
A. Individual Experts and Consultants (IEC)			
1. Personnel Appointments			
a. Experts			
b. Consultants			
(1) Federal Advisory Committee Members			
(2) All Other Appointed Consultants	19	50	60
2. Contract Consultants			
TOTAL Section A	19	50	60
B. Studies, Analyses, and Evaluation (SAE)			
None			
C. Management Support Services (MSS)			
1. Program Management Support			
2. Policy Review and Development			
3. Specification Development			
4. Technology Sharing/Utilization			
5. Logistics Support Services			
6. Technical Data Collection			
7. Advertising Services			
8. Other	634	800	743
TOTAL Section C	634	800	743

Exhibit PB-27-Generic
February 24, 1986
Page 1 of 2

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEP[illegible]S EDUCATION
Special Analysis - Generic
Contracted Advisory and Assistance Services
($000)

	FY 1985	FY 1986	FY 1987
D. Engineering and Technical Services (ETS)			
1. Systems Engineering			
a. General Systems Support			
b. Communications-Electronics Systems			
c. Software Changes Associated with Hardware Updates			
d. Software Updates			
e. Other Systems Engineering			
2. Engineering Technical Services			
a. Contract Plant Services			
b. Contract Field Services			
c. Field Service Representatives			
TOTAL Section D			
E. Federally Funded Research and Development Centers (FFRDC)			
None			
F. Information Technology Systems (ITS)			
1. Systems Analyses Programming	96	0	0
2. Systems Design & Engineering	0	0	0
3. Studies and Other	307	720	453
TOTAL Section F	403	720	453
GRAND TOTALS	1,056	1,570	1,256

Exhibit PB-27-Generic
February 24, 1986
Page 2 of 2

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
SUMMARY OF REQUIREMENTS BY DECISION UNIT

	FY 1985		FY 1986		FY 1987	
	Civ E/S	O&M $ ($000)	Civ E/S	O&M $ ($000)	Civ E/S	O&M $ ($000)
Budget Activity/Activity Group						
Overseas Dependents Schools	12,887*	518,789	12,715	579,403	13,453	673,581
Section Six Schools	—	108,831	—	128,823	—	138,467
TOTAL	12,887*	627,620	12,715	708,226	13,453	812,048

* Includes 369 substitute teachers paid as intermittent employees during September 1985.

EXHIBIT PB-31A
Page 1 of 1
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
PERSONNEL SUMMARY

	FY 1985	FY 1986	FY 1987
Total number of full-time permanent positions	11,590	11,709	12,447
Total Compensable Workyears:			
Full-time equivalent employment	12,104	11,762	12,416
Full-time equivalent of overtime and holiday hours	8	4	4
Average SES Salary*	68,474	68,474	68,474
Average GS Grade	GS-6	GS-8	GS-10
Average GS Salary*	16,434	20,871	26,333
Average salary of ungraded positions*	24,322	26,339	28,444

* Base Pay

Exhibit PB-31C
Page 1 of 4
February 24, 1986

DEPARTMENT OF DEFENSE DEPE[illegible] EDUCATION
OPERATIONS AND MAINTENANCE, [illegible]NSE AGENCIES
DIRECT HIRE CIVILIAN EMPLOYMENT

	FY 1985			FY 1986			FY 1987			FY 1988
	Average Strength	End Strength	$(000)	Average Strength	End Strength	$(000)	Average Strength	End Strength	$(000)	End Strength
Direct Hire Civilians										
Full-Time Permanent	10,483	8,478	230,271	10,773	10,773	325,808	11,511	11,511	386,436	11,539
Other	1,621	3,626	98,482	989	1,006	29,918	905	1,006	30,378	1,006
TOTAL Direct Hire	12,104	12,104	328,753	11,762	11,779	355,726	12,416	12,517	416,814	12,545

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEP S EDUCATION
OPERATIONS AND MAINTENANCE, ENSE AGENCIES
INDIRECT HIRE CIVILIAN EMPLOYMENT

	FY 1985			FY 1986			FY 1987			FY 1988
	Average Strength	End Strength	$(000)	Average Strength	End Strength	$(000)	Average Strength	End Strength	$(000)	End Strength
Budget Activity										
Department of Defense Dependents Schools	931	783	15,027	936	936	15,102	936	936	15,858	936
TOTAL Indirect Hire	931	783	15,027	936	936	15,102	936	936	15,858	936

Exhibit PB-31C
Page 3 of 4
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
OTHER DIRECT HIRE PERSONNEL COMPENSATION
($ in Thousands)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Overtime and Holiday Pay	126	124	136
Sunday, Night, and Hazardous Differentials	59	88	97
Post Differential	2,664	2,400	2,600
Premium Pay (include firefighters)	-	-	-
Cash Awards	251	348	371
Living Quarters Allowances	23,292	23,514	27,200
Cost of Living Allowance	262	241	258
Extra Duty Compensation	4,760	4,427	4,781
Lump Sum Leave	109	-	-
TOTAL	31,523	31,142	35,443

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
SUMMARY OF INCREASES AND DECREASES
($ in Thousands)

Reconciliation of Increases and Decreases		
1. FY 1986 President's Budget Request		664,070
2. Congressional Adjustments:		
a. Foreign Currency Fluctuation	-9,980	
b. Stock Fund Pricing	-1,610	
c. Pay Restoration	+12,491	
d. General Reduction	-6,000	
e. Inflation	- 189	
f. Civilian Workyear Reduction	-9,486	
g. Base Operations	-3,370	
Total Congressional Adjustments		- 18,144
3. FY 1986 Appropriation		645,926
4. Revised Inflation Adjustment		- 189
5. Program Increase for Supplies and Materials		+ 189
6. Current FY 1986 Appropriation		645,926
7. Functional Program Transfers:		
a. Transfers In		
1. From Services	+26,300	
2. Foreign Currency	+36,000	
8. FY 1986 Current Estimate		708,226
7. Price Growth:		
a. Pay Raise -FNDH	+ 375	
b. Teacher Pay	+25,301	
c. Travel	+ 1,986	
d. Stock Fund Purchases	+ 351	
e. Transportation	+ 554	
f. Other Purchases	+11,335	
Total Price Growth		+ 39,527

Exhibit PB-31D
Page 1 of 3
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
SUMMARY OF INCREASES AND DECREASES
($ in Thousands)

10. Program Increases:

a. Civilian Personnel +35,707

Increase supports an additional 654 workyears for new programs which were approved in the Program Decision Memorandum (PDM). New programs included are Compensatory Education, English as a Second Language, enrollment increases and management improvements.

b. Travel + 8,204

Increase supports TDY costs in support of new programs and PCS costs.

c. Stock Fund Supplies + 619

Increase supports purchases anticipated management improvements, enrollment increases, prekindergarten education, and compensatory education.

d. Transportation + 56

Increase supports the costs of shipping household goods for the additional 738 end strengths.

e. Other Purchases +25,590

Increase supports full comparability for Section 6 schools, supplies in support of new programs which were approved in the Program Decision Memorandum (PDM), and small increases for GSA leases and printing costs.

Total Program Increases +70,256

11. Program Decreases:

a. Stock Fund Purchases - 17

Decrease allows for minor reductions in equipment purchases.

Exhibit PB-31D
Page 2 of 3
February 24, 1986

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
SUMMARY OF INCREASES AND DECREASES
($ in Thousands)

b. Transportation	- 102	
The number of goods being shipped via commercial land and through MTMC decrease.		
d. Other Purchases	- 5,842	
Decreases are basically a result of fewer equipment purchases.		
Total Program Decreases		- 5,961
10. FY 1987 Budget Request		812,048

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
MAINTENANCE AND REPAIR OF REAL PROPERTY
($ in Thousands)

	FY 1985	FY 1986	F 1987
1. Funded Program			
A. Category of Maintenance			
Recurring Maintenance	8,054	8,118	8,524
Major Repair Projects	30,812	28,697	33,692
Minor Construction and Alterations	8,728	7,760	11,033
Total Maintenance and Repair of Real Property	45,594	44,575	53,249
2. Requested Floor	33,525	43,059	47,924
3. Backlog of Maintenance and Repair	84,886	73,354	43,639

Exhibit PB-31I
February 24, 1986

DEPARTMENT OF DEFENSE DEPENDE EDUCATION
MANPOWER CHANGES IN FULL-TIME END STRENGTHS
FY 1985 Through FY 1987

	Civilian Personnel		
	Direct Funded	Industrially Funded	TOTAL
1. FY 1985 End Strength	12,887		12,887
Positions on Board to Authorized-End of Year	-249		-249
Personnel Increases for New Functions	+77		+77
2. FY 1986 End Strength	12,715		12,715
Personnel Increases for New Functions	+738		+738
3. FY 1987 End Strength	13,453		13,453
4. Summary			
FY 1985 - O&M	12,887		12,887
FY 1986 - O&M	12,715		12,715
FY 1987 - O&M	13,453		13,453

EXHIBIT PB-31Q
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES

I. NARRATIVE DESCRIPTION

A. Overseas Dependents Schools (Statement of Requirements and Mission): The mission of the Overseas Dependents Schools Program is to:

1. Provide quality education from kindergarten through grade 12 for eligible minor dependents of United States military and civilian personnel of the Department of Defense stationed in overseas areas, continue the operation of the Panama Canal College in accordance with the Panama Canal Treaty, and in implementing Congressional actions.

2. Provide counsel to the Assistant Secretary of Defense (Force Management and Personnel) on matters relating to the Overseas Dependents Education Program.

The budget request of the Overseas Dependents Schools Program for FY 1987 is in the amount of $673.6 million, an increase of $94.2 million over the revised FY 1986 funding of $579.4 million. Included in the FY 1987 dollars are $1.099 million for the Panama Canal College which supports 701 students. In addition, 65 non-DoD students attending Panama schools receive favorable tuition rates in accordance with the provisions of the Panama Canal Treaty at a total cost of $135.7 thousand.

These funds will provide for the continuation of the educational programs conducted in FY 1986, provide for new programs such as Compensatory Education, prekindergarten, Driver Education and Talented and Gifted, and provide for costs of programs including educational and logistic support costs, tuition-fee schools, transportation and educational program for handicapped and provides for the operation by the Defense Logistics Agency of a logistics support service control system as recommended by the General Accounting Office in Report GAO/HRD-83-3 of November 4, 1982.

B. Section Six Schools (Statement of Requirements and Mission): The mission of the Section Six School program is to:

1. Provide for the education of children residing on Federal property where the State and local school system is unable, because of legal or other reasons, to provide a suitable free public education.

2. Provide counsel to the Assistant Secretary of Defense (Force Management and Personnel) on matters relating to the Section Six Schools Program.

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES

B. Section 6 Schools (Statement of Requirements and Missions): Cont'd

3. Provide funding for repair and maintenance of schools located on Federal property.

The budget request of the Section 6 Schools program for FY 1987 is in the amount of $138.5 million, an increase of $9.7 million over the FY 1986 funding of $128.8 million. These funds will cover the cost of school operation and maintenance.

II. DESCRIPTION OF OPERATIONS FINANCED

A. Overseas Dependents Schools

The request for FY 1987 continues FY 1986 programs, provides for new programs such as Compensatory Education, Prekindergarten, Driver Education, and Talented and Gifted, and for continued implementation of the Seven-Year Curriculum Review sequence. The implementation requires the purchase of materials identified in pilot studies which will be conducted in the overseas schools. The request also continues the implementation of the provisions of Title XIV, Dependents' Education Act, 1978, which requires the Department of Defense to provide programs of high quality in special, vocational, and compensatory education, and English as a second language.

B. Section 6 Schools

These funds will provide for teacher, administrative, and support personnel salaries; supplies and equipment; repair and maintenance of buildings; and library books and textbooks. Section 6 Schools are required to provide an educational program comparable to local educational agencies in the state in which the military installation is located. In order to remain comparable, Section 6 Schools are required to maintain salary levels comparable to civilian local educational agencies. In comparability with local educational agencies, the subject area of computer literacy is being expanded in the Section 6 Schools, which will require additional hardware and software to support these programs. Additional funds will be used to continue to support a program for handicapped children as required by P.L. 94-142.

The request for FY 1987 continues current year programs for nine schools operated by the Army, two operated by the Navy, three operated by the Marine Corps, four operated by the Air Force, and six arrangements with local school districts, including one for U.S. Park Service dependents. Under these arrangements, OSD funds for the payment of tuition for the children attending the local public schools.

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
($ in Thousands)

III. Financial Summary:

A. Department of Defense Dependents Education	FY 1985 Actual	FY 1986 Budget Request	FY 1986 Appropriation	FY 1986 Current Estimate	FY 1987 Estimate	Change FY 86/87
1. Department of Defense Dependents Schools (DoDDS)	518,789	553,845	517,103	579,403	673,581	94,178
2. Section Six Schools	108,831	110,225	128,823	128,823	138,467	9,644
Total	627,620	664,070	645,926	708,226	812,048	103,822

B. Summary of Price and Program Growth	FY 1985 Actual	Change FY 1985/1986 Foreign Currency Rate Diff.	Change FY 1985/1986 Price Growth	Change FY 1985/1986 Program Growth	FY 1986 Estimate	FY 1987 Estimate	Change FY 1986/1987 Foreign Currency Rate Diff.	Change FY 1986/1987 Price Growth	Change FY 1986/1987 Program Growth
Civilian Personnel Compensation	328,753	0	21,676	5,297	355,726	416,814	0	25,301	35,787
Travel	40,986	0	1,435	7,231	49,652	59,842	0	1,986	8,204
Stock Fund Purchases	16,536	0	579	-8,339	8,776	9,729	0	351	602
Transportation	1,588	0	331	4,079	13,860	14,368	0	554	-46
Other Purchases	231,895	0	7,582	40,735	280,212	311,295	0	11,335	19,748
TOTAL	627,620	0	31,602	49,004	708,226	812,048	0	39,527	64,295

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
($ in Thousands)

IV. Performance Criteria and Evaluation Summary: The FY 1987 Office of Dependents School's request provides for the education of pupils. Student enrollment is broken down as follows:

GRADE	FY 1985	FY 1986	FY 1987
SE	977	1,151	1,151
KN	17,623	16,953	17,553
1	16,795	16,581	17,181
2	14,797	15,156	15,756
3	13,914	13,734	14,334
4	12,703	12,803	13,303
5	11,953	12,201	12,701
6	11,390	11,512	12,012
7	10,699	10,917	11,417
8	9,835	10,241	10,641
9	9,700	8,997	9,397
10	7,787	7,430	7,730
11	6,137	5,803	6,103
12	4,930	5,051	5,251
Junior College	581	701	701
Tuition Fee Schools	2,338	2,478	2,478
TOTAL ENROLLMENT	152,159	151,709	157,709

The FY 1987 Section Six request provides for the education of 38,134 pupils. Student enrollment is broken down as follows:

	FY 1985	FY 1986	FY 1987
Kindergarten			
Grades 1-12			
TOTAL ENROLLMENT	35,013	35,662	36,267

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
CIVILIAN PERSONNEL COSTS
FY 1985
($ in Thousands)

	Begin Strength	End Strength		Workyears		Basic Comp.	O.T Pay	Hol. Pay	Other OC 11	Total Variables	Total Comp. OC 11	Benefits OC 12	Comp. & Benefits
		Total	FTP	Total	FTP								
1. Direct Hire Civilian:													
A. U.S. Employees:													
(1) General Schedule:													
(a) Senior Executive Schedule	3	3	3	3	3	199	0	0	7	7	206	23	229
(b) General Merit Pay	178	195	195	189	192	8,733	0	0	113	113	8,846	1,933	10,779
(c) All Other General Schedules	1,972	2,464	1,384	2,656	1,476	37,873	80	2	282	364	38,237	5,697	43,934
Subtotal	2,153	2,662	1,582	2,848	1,671	46,805	80	2	402	484	47,289	7,653	54,952
(Rate)						(16,434)					(16,604)		(19,295)
(2) Wage Boards	73	118	65	96	60	1,144	10	0	0	10	1,154	128	1,272
(Rate)						(11,917)					(12,021)		(13,250)
(3) PL 86-91	8,814	9,140	6,647	8,976	8,568	219,510	19	16	5,753	5,788	225,298	45,145	270,443
(Rate)						(24,455)					(25,100)		(30,130)
Subtotal U.S. Employees	11,040	11,920	8,294	11,920	10,299	267,459	109	18	6,155	6,282	273,741	52,926	326,667
B. D.H. Foreign Nat'ls	202	184	184	184	184	2,060	0	0	0	0	2,060	26	2,086
(Rate)						(11,196)					(11,196)		(11,337)
C. Total Direct Hire	11,242	12,104	8,478	12,104	10,483	269,519	109	18	6,155	6,282	275,801	52,952	328,753
2. ID Hire Foreign Nat'l	913	783	783	783	783	15,027	0	0	0	0	15,027	0	15,027
(Rate)						(19,287)					(19,287)		(19,287)
3. TOTAL CIV. PERS.	12,155	12,887*	9,261	12,887	11,266	284,575	109	18	6,155	6,282	290,828	52,952	343,780

* Includes 369 substitute teachers paid as intermittent employees during September 1985.

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DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
CIVILIAN PERSONNEL COSTS
FY 1986
($ in Thousands)

	Begin Strength	End Strength		Workyears		Basic Comp.	O.T Pay	Hol. Pay	Other OC 11	Total Variables	Total Comp. OC 11	Benefits OC 12	Comp. & Benefits
		Total	FTP	Total	FTP								
1. Direct Hire Civilian:													
a. U.S. Employees:													
(1) General Schedule:													
(a) Senior Executive Schedule	3	3	3	3	3	203	0	0	7	7	210	24	234
(b) General Merit Pay	195	219	219	219	219	10,018	0	0	110	110	10,128	1,682	11,810
(c) All Other General Schedules	2,067	2,102	1,427	2,085	1,427	37,929	81	0	431	512	38,441	3,975	46,713
Subtotal	2,265	2,324	1,649	2,307	1,649	48,150	81	0	548	629	48,779	5,681	54,460
(Rate)						(20,871)					(21,143)		(23,606)
(2) Wage Boards	118	65	65	65	65	1,055	2	0	2	4	1,059	152	1,211
(Rate)						(16,231)					(16,292)		(18,631)
(3) PL 86-91	9,138	9,188	8,857	9,188	8,857	242,664	22	19	5,401	5,442	248,106	49,621	297,727
(Rate)						(26,411)					(27,003)		(32,403)
Subtotal U.S. Employees	11,855	11,577	10,571	11,560	10,571	291,869	105	19	5,951	6,075	297,944	55,454	353,398
b. D.H. Foreign Nat'ls	184	202	202	202	202	2,299	0	0	0	0	2,299	29	2,328
(Rate)						(11,381)					(11,381)		(11,525)
c. Total Direct Hire	12,104	11,779	10,773	11,762	10,773	294,168	105	19	5,951	6,075	300,243	55,483	355,726
2. ID Hire Foreign Nat'l	783	936	936	936	936	15,102	0	0	0	0	15,102	0	15,102
(Rate)						(16,135)					(16,135)		(16,135)
3. TOTAL CIV. PERS.	12,887*	12,715	11,709	12,698	11,709	309,270	105	19	5,951	6,075	315,345	55,483	370,828

* Includes 369 substitute teachers paid as intermittent employees during September 1985.

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REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
CIVILIAN PERSONNEL COSTS
FY 1987
($ in Thousands)

	Begin Strength	End Strength		Workyears		Basic Comp.	O.T Pay	Hol. Pay	Other OC 11	Total Variables	Total Comp. OC 11	Benefits OC 12	Comp. & Benefits
		Total	FTP	Total	FTP								
1. Direct Hire Civilian:													
A. U.S. Employees:													
(1) General Schedule:													
(a) Senior Executive Schedule	3	3	3	3	3	203	0	0	7	7	210	24	234
(b) General Merit Pay	219	219	219	219	219	10,057	0	0	116	116	10,173	2,088	12,261
(c) All Other General Schedules	2,102	2,173	1,498	2,072	1,498	50,147	89	0	474	563	50,710	5,382	56,092
Subtotal	2,324	2,395	1,720	2,294	1,720	60,407	89	0	597	686	61,093	7,494	68,587
(Rate)						(26,333)					(26,632)		(29,898)
(2) Wage Board	65	65	65	65	65	1,076	2	0	1	3	1,079	159	1,238
(Rate)						(16,554)					(16,600)		(19,046)
(3) PL 86-91	9,188	9,835	9,504	9,835	9,504	280,524	24	21	6,146	6,191	286,715	57,343	344,058
(Rate)						(28,523)					(29,153)		(34,983)
Subtotal U.S. Employees	11,577	12,295	11,289	12,194	11,289	342,007	115	21	6,744	6,880	348,887	64,996	413,883
B. D.H. Foreign Nat'ls	202	222	222	222	222	2,899	0	0	0	0	2,899	32	2,931
(Rate)						(13,058)					(13,058)		(13,203)
C. Total Direct Hire	11,779	12,517	11,511	12,416	11,511	344,906	115	21	6,744	6,880	351,786	65,028	416,814
2. ID Hire Foreign Nat'l	936	936	936	936	936	15,858	0	0	0	0	15,858	0	15,858
(Rate)						(16,942)					(16,942)		(16,942)
3. TOTAL CIV. PERS.	12,715	13,453	12,447	13,352	12,447	360,764	115	21	6,744	6,880	367,644	65,028	432,672

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DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
CIVILIAN PERSONNEL COSTS
FY 1988
($ in Thousands)

	Begin Strength	End Strength		Workyears		Basic Comp.	O.T Pay*	Hol. Pay*	Other OC 11	Total Variables	Total Comp. OC 11	Benefits OC 12	Comp. & Benefits
		Total	FTP	Total	FTP								
1. Direct Hire Civilian:													
A. U.S. Employees:													
(1) General Schedule:													
(a) Senior Executive Schedule	3	3	3	3	3	203	0	0	7	7	210	24	234
(b) General Merit Pay	219	219	219	219	219	10,057	0	0	116	116	10,173	2,088	12,261
(c) All Other General Schedules	2,173	2,173	1,498	2,072	1,498	50,147	89	0	474	563	50,710	5,382	56,092
Subtotal	2,395	2,395	1,720	2,294	1,720	60,407	89	0	597	686	61,093	7,494	68,587
(Rate)						(26,333)					(26,632)		(29,898)
(2) Wage Boards	65	65	65	65	65	1,076	2	0	1	3	1,079	159	1,238
(Rate)						(16,554)					(16,600)		(19,046)
(3) PL 86-91	9,835	9,863	9,532	9,863	9,532	303,830	24	21	6,164	6,209	310,039	62,008	372,047
(Rate)						(30,805)					(31,435)		(37,721)
Subtotal U.S. Employees	12,295	12,323	11,317	12,222	11,317	365,313	115	21	6,762	6,898	372,211	69,661	441,872
B. D.H. Foreign Nat'ls	222	222	222	222	222	2,899	0	0	0	0	2,899	32	2,931
(Rate)						(13,058)					(13,058)		(13,203)
C. Total Direct Hire	12,517	12,545	11,539	12,444	11,539	368,212	115	21	6,762	6,898	375,110	69,693	444,803
2. ID Hire Foreign Nat'l	936	936	936	936	936	15,858	0	0	0	0	15,858	0	15,858
(Rate)						(16,942)					(16,942)		(16,942)
3. TOTAL CIV. PERS.	13,453	13,481	12,475	13,380	12,475	384,070	115	21	6,762	6,898	390,968	69,693	460,661

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REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DE [illegible] S EDUCATION
OPERATIONS AND MAINTENANCE, [illegible]ENSE AGENCIES
ANALYSIS OF CHANGES IN WORKYEAR COST
($ in Thousands)

	GS/GM		WB		PL		FMTH	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
FY 1985 (261 Compensable Days)								
1. End Strength	2,662		118		9,140		184	
2. Workyear	2,848		96		8,976		184	
3. Average Workyear Cost	$19,295		$13,250		$30,130		$11,337	
4. Basic Compensation ($000)	46,805		1,144		219,510		2,060	
5. Average Annual Salary (Basic)	$16,434		$11,917		24,455		$11,196	
Adjustments to FY 1985 Average Salary								
6. + Annualization of FY 1985 Pay Raise(s)								
7. +/- Extra Day								
8. Other if Applicable (e.g., 5th step)								
9. Subtotal Adj. FY 1985 Average Salary								
FY 1986 Pay Raise								
10. FY 1986 Pay Raise (Basic)					1,956		542	
11. Other OC-11 Variables								
12. Benefits					391		5	
13. WY Cost of FY 1986 Pay Raise					2,347		547	
14. Total FY 1985 Cost of Pay Raise (Line 16 X 13) ($000)					21,566		110	
FY 1986								
15. End Strength	2,324		65		9,188		202	
16. Workyears	2,307		65		9,188		202	
17. Average Workyear Cost	$23,606		$18,631		$32,403		$11,525	
18. Basic Compensation ($000)	48,150		1,055		242,664		2,299	
19. Average Annual Salary (Basic)	$20,871		$16,231		$26,411		$11,381	

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REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF [illegible] DEPENDENTS EDUCATION
ANALYSIS OF [illegible]ES IN WORKYEAR COST
($ in Thousands)

	GS/GM Amount	GS/GM Rate	WB Amount	WB Rate	PL Amount	PL Rate	PNDH Amount	PNDH Rate
Adjustments to FY 1985 Avg. Salary for FY 1987								
20. FY 1985 Average Salary	$16,434		$11,917		$24,455		$11,196	
21. +/- Extra Day								
22. Subtotal	16,434		11,917		24,455		11,196	
23. FY 1986 Pay Raise (line 10) (Basic)					1,956		542	
24. Annualization of FY 1986 Pay Raise(Basic)								
25. + Other OC-11 Variables								
26. + Benefits					391		5	
27. WY Cost of FY 1986 Pay Raise in FY 1987					2,347		547	
28. Total Cost of FY 1986 Pay Raise (line 30 X 27) ($000)					21,566		110	
FY 1987								
29. End Strengths	2,395		65		9,835		222	
30. Manyears	2,294		65		9,835		222	
31. Average Workyear Cost	$29,898		$19,046		$34,983		$13,203	
32. Basic Compensation ($000)	60,407		1,076		280,524		2,899	
33. Average Annual Salary (Basic)	$26,333		$16,554		$28,523		$13,058	

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REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS [illegible]TION
COST OF CIVILIAN PERSONNEL CHA[illegible]S
FY 1986 BUDGET ESTIMATE SUBMISSION
($000)

Direct Hire Civilians

Appropriation/Fund: Operation and Maintenance, Defense Agencies

	FTE End Strength	Workyears	Compensation	Benefits	Total Compensation
FY 1985 Actual	12,887	12,104	275,801	52,952	328,753
Annualization of FY 85 Pay Raise				0	0
Programmatic Changes:					
a) Teacher Pay Raise			17,972	3,594	21,566
b) Foreign National Pay Raise			109	1	110
c) Increased Workyear Costs			1,995	386	2,381
d) Housing Allowance				232	232
e) Unexplained			1,671	-1,682	-11
Non-Programmatic Changes:					
a) Within Grade Increases/ Cash Awards			2,695		2,695
FY 1986 Estimate	12,715	11,762	300,243	55,483	355,726
Annualization of FY 86 Pay Raise			0	0	0
Programmatic Changes:					
a) Teacher Pay Raise			20,772	4,154	24,926
b) Foreign National Pay Raise			372	3	375
c) Increased Workyear Costs	+738	+654	21,040	4,007	25,047
d) Cost of Living Allowance			17		17
e) Housing Allowance				3,686	3,686
f) Area Differentials			338		338
g) Unexplained			6,062	-2,626	3,436
Non-Programmatic Changes:					
a) Within Grade Increases/ Cash Awards			2,942	321	3,263
FY 1987 Estimate	13,453	12,416	351,706	65,028	416,014

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DEPARTMENT OF DEFENSE DEPENDENT ATION
COST OF CIVILIAN PERSONNEL C ES
FY 1986 BUDGET ESTIMATE SUBMISSION
($000)

Indirect Hire Civilians

Appropriation Fund: Operation and Maintenance, Defense Agencies

	FTE End Strength	Workyears	Compensation	Benefits	TOTAL Compensation
FY 1985 Actual	783	783	15,027	0	15,027
Annualization of FY 85 Pay Raise			0	0	0
Programmatic Changes:					
a) Pay Raise				0	
b) Increased Workyears		+153	75	0	75
FY 1986 Estimate	936	936	15,102	0	15,102
Annualization of FY 86 Pay Raise			0	0	0
Programmatic Changes:					
a) Pay Raise			372	3	375
b) Increased Workyears					
c) Unexplained			384	-3	381
FY 1987 Estimate	936	936	15,858	0	15,858

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REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE [illegible]DENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
COST SUMMARY
($ in Thousands)

	FY 1985	FY 1986	FY 1987	Difference FY 1986/1987
1. Administrative Costs	19,371	25,202	31,942	26.74%
A. Salaries of personnel above school level	14,518	17,447	20,201	15.78%
B. Personnel Benefits	1,592	1,944	2,188	12.55%
C. Temporary Duty Travel (TDY)	947	1,095	1,336	22.01%
(1) Administrative	271	396	518	30.81%
(2) Programmatic	676	699	818	17.02%
D. Supplies	459	377	540	43.24%
E. Equipment	365	213	169	-20.66%
F. Rental & Contractual Services	390	1,135	1,266	11.54%
G. ADP-Management Information System	92	1,576	5,337	238.64%
(1) Software and Equipment	51	631	4,244	572.58%
(2) Rental and Operating Costs	41	0	305	0.00%
(3) Commercial Services	0	225	335	48.89%
(4) Inter-Agency Services	0	0	0	0.00%
(5) Intra-Agency Services	0	0	0	0.00%
(6) Other Services	0	720	453	-37.08%
H. Special Analyses, Consultants/Studies	634	800	743	-7.12%
I. Training/Advertising/Other	374	615	162	-73.66%
2. Education Costs	327,143	347,003	408,589	17.75%
A. Salaries of Teaching Personnel	193,565	210,188	251,168	19.50%
(1) Teaching Personnel	189,202	205,384	245,853	19.70%
(2) Substitutes	4,363	4,804	5,315	10.64%
B. Salaries of Principals	15,861	16,839	18,320	8.80%
C. Salaries of Clerical Personnel	20,553	20,977	22,575	7.62%
(1) Clerical Personnel	12,303	12,645	13,660	8.03%
(2) Paraprofessionals	8,250	8,332	8,915	7.00%
D. Salaries of Others	25,854	28,925	32,350	11.84%
E. Personnel Benefits	27,427	29,341	34,902	18.95%
F. Textbooks and Library Books	13,165	9,488	10,481	10.47%
(1) Textbooks	9,822	7,726	8,613	11.48%
(2) Library Books, Newspapers, Periodicals	3,343	1,762	1,868	6.02%

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REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
COST SUMMARY
($ in Thousands)

	FY 1985	FY 1986	FY 1987	Difference FY 1986/1987
2. Education Costs (Continued)				
G. Educational Supplies	10,778	4,923	6,829	38.72%
(1) Educational Supplies	8,659	3,849	4,986	29.54%
(2) Audio-visual Supplies	1,687	721	1,200	66.44%
(3) ADP-Expendable Supplies	432	353	643	82.15%
H. Educational Equipment	9,007	14,842	14,285	-3.75%
(1) Educational Equipment	6,589	6,314	4,681	-25.86%
(2) Audio-Visual Equipment	1,216	1,663	1,462	-12.09%
(3) ADP-Software and Equipment	1,202	6,865	8,142	18.60%
I. Contract Services	2,379	2,556	8,015	213.58%
(1) Contract Instructional Services	946	923	961	4.12%
(2) ADP Maintenance	954	956	1,379	44.25%
(3) Other Non-Instructional Contract Services	479	677	5,675	738.26%
J. Research & Innovation	129	298	300	0.67%
(1) TDY	26	0	0	0.00%
(2) Projects	103	298	300	0.67%
K. Summer School	198	295	341	15.59%
(1) Salaries of Teaching Personnel	196	288	333	15.63%
(2) Educational Activities	2	7	8	14.29%
L. Other Temporary Duty Travel	1,413	1,613	1,787	10.79%
(1) Itinerant Education Services	260	266	288	8.27%
(2) Recruiting	37	41	45	9.76%
(3) Accreditation	92	114	139	21.93%
(4) Curriculum Review	100	290	323	11.38%
(5) Union Deliberations/Negotiations	61	69	77	11.59%
(6) Other Programmatic	740	739	810	9.61%
(7) Other Administrative	123	94	105	11.70%
M. In-Service Training	1,922	2,282	2,446	7.19%
(1) Temporary Duty Travel(TDY)	567	565	635	12.39%
(2) Contracts	1,204	1,230	1,279	3.98%
(3) Tuition Assistance	151	487	532	9.24%
(4) Other	0	0	0	0.00%

[illegible]

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
COST SUMMARY
($ in Thousands)

	FY 1985	FY 1986	FY 1987	Difference FY 1986/1987
2. Education Costs (Continued)				
H. Other Costs & Compensation	4,892	4,436	4,790	7.98%
(1) Comp. for Extra-Curricular School Activities	4,736	4,427	4,781	8.00%
(2) Cost for Correspondence Courses	5	9	9	0.00%
(3) Other	151	0	0	0.00%
3. Logistics Costs	255,385	285,778	309,727	8.38%
A. Salaries	6,084	6,741	7,206	6.90%
(1) Salaries of Logistics Personnel	5,845	6,471	6,917	6.89%
(2) Benefits	239	270	289	7.04%
B. Custodial/Maintenance	12,015	10,623	11,057	4.09%
(1) Contracts	11,596	10,252	10,667	4.05%
(2) Non-Contract Supplies	419	371	390	5.12%
C. Repair and Maintenance	47,594	44,575	53,249	19.46%
(1) R&M of School Facilities	30,812	28,697	33,692	17.41%
a. Less than $100,000	12,454	13,660	15,127	10.74%
b. More than $100,000	18,358	15,037	18,565	23.46%
(2) Minor Construction Projects	8,728	7,760	11,033	42.18%
a. Less than $100,000	3,865	2,912	4,468	53.43%
b. More than $100,000	4,863	4,848	6,565	35.42%
(3) Recurring R&M	8,054	8,118	8,524	5.00%
(4) Other	0	0	0	0.00%
D. Transportation Services	35,035	36,928	41,037	11.13%
(1) Transportation of Things	9,435	13,813	14,319	3.66%
(2) Second Destination Transportation	15	47	49	4.26%
(3) Transportation of People	129	218	73	-66.51%
(4) Daily Student Commuting	25,209	35,528	39,695	11.73%
a. Reimbursable	8,677	9,973	11,143	11.73%
b. Contract	16,532	25,555	28,552	11.73%
(5) Bus Monitors	247	259	270	4.25%
E. Rents, Communications and Utilities	22,221	24,831	25,410	2.33%
(1) Rents & Leases	3,680	3,759	3,783	0.64%
(2) Utilities	17,434	20,079	20,634	2.76%
(3) Communications	1,099	993	993	0.00%

Exhibit OP-15
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February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
COST SUMMARY
($ in Thousands)

	FY 1985	FY 1986	FY 1987	Difference FY 1986/1987
3. Logistics Costs (Continued)				
F. Local Costs and Purchases	9,706	6,960	6,509	-6.48%
(1) Supplies	3,247	3,226	3,265	1.21%
(2) Equipment	4,388	2,154	1,605	-25.49%
(3) Printing	1,118	516	539	4.46%
(4) Other	953	1,064	1,100	3.38%
G. Reimbursable for Services Received	122,730	142,183	151,890	6.83%
(1) ADP Automated Supply System	3,570	3,469	3,334	-3.89%
(2) Accounting/Payroll	1,213	1,593	1,622	1.82%
(3) Civilian Personnel Services	3,549	3,870	3,937	1.73%
(4) Other Base Support	2,109	1,525	1,565	2.62%
(5) NATO/SHAPE/AFCENT Contributions	1,219	1,324	1,397	5.51%
(6) Furniture & Equipment Maintenance	1,739	1,579	1,568	-0.70%
(7) Section Six Schools	109,331	128,823	138,467	7.49%
4. DoDDS-Unique Costs	47,665	46,412	57,040	22.90%
A. Salaries for Host Nation Personnel	6,185	6,419	7,225	12.56%
(1) Salaries	6,130	6,352	7,153	12.61%
(2) Benefits	55	67	72	7.46%
B. Allowances	26,218	26,077	30,118	15.50%
(1) Cost of Living Allowance	262	241	258	7.05%
(2) Housing Allowance	23,292	23,514	27,200	15.68%
(3) Area Differentials	2,664	2,322	2,660	14.56%
C. Permanent Change of Station Costs	10,965	9,029	14,520	60.82%
D. DoDDS-Operated Dormitories	1,765	2,163	2,302	6.43%
(1) Salaries of Dormitory Personnel	906	1,109	1,186	6.94%
a. Dormitory Counselors	719	876	951	8.56%
b. Dormitory Aides	131	173	173	0.00%
c. Compensation for Irregular Hours	56	60	62	3.33%
(2) Benefits	85	106	119	12.26%
(3) Student Room & Board	417	577	598	3.64%
(4) Transportation Services	263	281	306	8.90%
a. Activity Transportation	24	29	32	10.34%
b. To/From 5-day Dormitories	85	89	97	8.99%
c. To/From 7-day Dormitories	154	163	177	8.59%
(5) Equipment & Furnishings	94	90	93	3.33%

Exhibit OP-15
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February 24, 1986

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
COST SUMMARY
($ in Thousands)

	FY 1985	FY 1986	FY 1987	Difference FY 1986/1987
4. DoDDS-Unique Costs (Continued)				
E. Extra/Co-curricular programs	2,522	2,724	2,875	5.54%
(1) Supplies	627	526	473	-10.08%
(2) Equipment	281	431	449	4.18%
(3) Transportation	1,467	1,323	1,490	12.62%
(4) Other (Specify)	147	444	463	4.28%
5. GROSS Costs for DoD Schools	649,554	704,395	807,298	14.61%
6. Adjustments to Gross Costs	30,519	5,820	5,366	-7.80%
A. Tuition Receipts	28,574	26,890	26,759	-0.49%
B. Support to Berlin Schools	4,561	4,950	5,307	7.21%
C. Foreign Currency Fluctuation Funding	-2,616	-26,020	-26,700	2.61%
7. NET COSTS for DoD Schools	619,035	698,575	801,932	14.80%
Tuition-Free Students in DoDDS Schools	143,845	142,434	148,434	4.21%
Tuition-Paying Students in DoDDS Schools	5,976	6,796	6,797	0.01%
Cost Per Student in DoDDS Schools	3,402	3,818	4,274	11.95%
Students in Section Six Schools	35,013	35,662	36,267	1.70%
Cost Per Student in Section Six Schools	3,123	3,612	3,818	5.69%
8. Costs for Tuition-Fee Schools	8,585	9,651	10,116	4.82%
Students in Tuition-Fee Schools	2,338	2,478	2,478	0.00%
Cost Per Student in Tuition-Fee Schools	3,672	3,895	4,082	4.82%
9. TOTAL DIRECT COSTS	627,620	708,226	812,048	14.66%
Total Students Served	187,172	187,370	193,976	3.53%
Cost Per Student Served	3,353	3,780	4,186	10.75%

Exhibit OP-15
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February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
CO-CURRICULAR PROGRAMS
($ in Thousands)

	FY 1985	FY 1986	FY 1987
1. Athletics			
Supplies	571	479	430
Equipment	256	393	410
Transportation	1,218	992	1,092
Other (Define)	147	444	463
2. Music			
Supplies	38	32	28
Equipment	17	26	27
Transportation	73	67	91
Other (Define)			
3. Science/Social Studies/Speech			
Supplies	5	4	4
Equipment	2	3	3
Transportation	161	238	271
Other (Define)			
4. Arts & Crafts			
Supplies	13	11	11
Equipment	6	9	9
Transportation	29	26	36
Other (Define)			
Total Supplies	627	526	473
Total Equipment	281	431	449
Total Transportation	1,467	1,323	1,490
Total Other	147	444	463
GRAND TOTAL	2,522	2,724	2,875

Exhibit OP-15E
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
SERVICE OPERATED DORMITORIES
($ in Thousands)

	FY 1985					FY 1986					FY 1987				
	Number of Students	Avg No of Staff GS	PL	FN	Total Cost	Number of Students	Avg No of Staff GS	PL	FN	Total Cost	Number of Students	Avg No of Staff GS	PL	FN	Total Cost
LOCATION															
ENGLAND	311	9	16	0	1,159	320	9	20	2	1,433	320	9	20	2	1,567
London Central (7-Day)	276	9	13	0	999	260	6	15	1	1,085	260	6	15	1	1,175
Lakenheath (5-Day)*	35	0	3	0	160	60	3	5	1	348	60	3	5	1	392
GERMANY	64	1	6	0	342	70	1	4	0	309	70	1	4	0	327
Osterholz (5-Day)	58	1	4	0	274	70	1	4	0	309	70	1	4	0	327
Frankfurt (5-Day)	6	0	2	0	68	0	0	0	0	0	0	0	0	0	0
SPAIN	36	4	5	1	376	55	4	5	1	392	55	4	5	1	408
Torrejon (7-Day)	36	4	5	1	376	55	4	5	1	392	55	4	5	1	408
Subtotals															
5-Day Dormitories	99	1	9	0	502	70	1	4	0	309	70	1	4	0	327
7-Day Dormitories	312	13	18	1	1,375	375	13	25	3	1,871	375	13	25	3	1,975
Tuition-Paying Students**	33					33					33				
Non-Tuition Paying Students	378					412					412				
GRAND TOTAL	411	14	27	1	1,877	445	14	29	3	2,180	445	14	29	3	2,302

* Becomes 7-Day in FY 1986
** Includes FNS

Exhibit OP-15(F)
February 24, 1986

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
SECTION 6 SCHOOLS REIMBURSABLE PROGRAM
($ in Thousands)

	FY 1985	FY 1986	FY 1987	DIFFERENCE FY 1986/1987
1. Superintendent's Office	4,055	4,390	4,733	343
a. Pay and Benefits	3,740	3,928	4,081	153
b. Supplies	113	130	140	10
c. Equipment	88	201	370	169
d. Membership/Dues Costs	29	33	36	3
(1) Organizational	16	18	20	2
(2) Personnel	13	15	16	1
e. Accreditation Costs	11	13	14	1
f. Audit Costs	3	3	4	1
g. Insurance Costs	11	13	14	1
h. TDY Costs	60	69	74	5
2. Education Costs	78,486	94,257	100,906	6,649
a. Pay and Benefits	67,768	80,311	85,960	5,649
b. Textbooks and Library	2,091	2,405	2,588	183
(1) Textbooks	1,548	1,781	1,916	135
(2) Library Books & Periodicals	543	624	672	48
c. Educational Supplies	3,696	4,252	4,574	322
d. Educational Equipment	1,945	3,768	3,999	231
(1) Audio Visual	480	552	594	42
(2) ADP/Computer	822	945	1,017	72
(3) Other	643	2,271	2,388	117
e. Educational Contract Services	879	1,011	1,088	77
f. Educational Equipment Rental	65	75	80	5
(1) ADP/Computer Equipment	22	25	27	2
(2) Royalties, User Fees, Etc.	43	50	53	3
g. Staff Development	251	289	311	22
(1) Research and Innovation Projects	39	45	48	3
(2) Inservice Training, Inhouse	69	79	85	6
(3) Inservice Training, Other	74	85	92	6
(4) Other Staff Development	69	80	86	6
h. Summer School Costs	460	614	658	44
(1) Teacher Salaries	443	594	637	43
(2) Teacher Salaries (Noinstr)	2	2	2	0
(3) Other Educational Costs	4	5	5	0
(4) Other Noneducational Costs	11	13	14	1

Exhibit OP-15(G)
Page 1 of 3
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE D[illegible]ENTS SCHOOLS
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
SECTION 6 SCHOOL REIMBURSABLE PROGRAM

	FY 1985	FY 1986	FY 1987	DIFFERENCE FY 1986/1987
i. TDY (Instructional)	336	388	417	29
j. Other	995	1,144	1,231	87
(1) Overtime	0	0	0	0
(2) Holiday Pay	0	0	0	0
(3) Extra Duty Compensation	242	278	300	22
(4) Awards, Bonuses, Etc.	753	866	931	65
3. Logistics Costs	18,585	21,313	23,292	1,979
a. Pay and Benefits	8,455	8,758	9,103	345
b. Contractual Services	2,382	3,642	4,600	958
(1) Repair and Maintenance	2,285	3,530	4,480	950
(2) Custodial	97	112	120	8
c. Transportation of Persons	2,251	2,590	2,786	196
d. Transportation of Things	6	7	7	0
e. Noneducational Rental	299	344	370	26
(1) Land/Buildings	12	14	15	1
(2) Equipment	226	260	280	20
(3) Other	61	70	75	5
f. Utilities	2,369	2,723	2,932	209
g. Communications	429	494	531	37
h. Reimbursement for Services	205	236	254	18
(1) ADP Services	22	25	28	3
(2) Accounting/Payroll	0	0	0	0
(3) Contracting	0	0	0	0
(4) Other	183	211	226	15
i. Food Service Operations	177	204	219	15
(1) Contract Costs	24	28	30	2
(2) Supplies	23	26	28	2
(3) Equipment	59	68	73	5
(4) Other	71	82	88	6
j. Miscellaneous Costs	2,012	2,315	2,490	175
(1) Supplies	1,206	1,387	1,493	106
(2) Equipment	383	441	474	33
(3) Other	423	487	523	36

Exhibit OP-15(G)
Page 2 of 3
February 24, 1986

DEPARTMENT OF DEFENSE DE. .ENTS SCHOOLS
OPERATION AND MAINTENANCE, DEFENSE AGENCIES
SECTION 6 SCHOOLS REIMBURSABLE PROGRAM

	FY 1985	FY 1986	FY 1987	DIFFERENCE FY 1986/1987
4. Costs Unique to Puerto Rico	683	786	845	59
a. Cost of Living Allowance	558	642	690	48
b. Living Quarters Allowance	0	0	0	0
c. Area Differential	0	0	0	0
d. Permanent Change of Station Costs	125	144	155	11
e. Union Costs	0	0	0	0
5. Cost of Arrangements	7,522	8,653	9,310	657
a. Transportation to Section 6 Schools	261	300	323	23
b. Transportation to Other Schools	379	436	469	33
c. Reimbursement to Other Schools	6,882	7,917	8,518	601
6. Gross Costs for Section 6 Schools	109,331	129,399	139,086	9,687
7. Reimbursement Received	500	576	619	43
a. Tuition-Paying Students	500	576	619	43
b. State/Federal Subsidies Received				
8. Net Costs for Section 6 Schools	108,831	128,823	138,467	9,644
9. Average Daily Attendance	35,013	35,662	36,267	
a. Arrangements	3,131	3,311	3,400	
b. Section 6 Schools	31,882	32,351	32,867	
10. Per Pupil Costs				
a. In Arrangements	$2,402.43	$2,613.47	$2.738.15	
b. In Section 6 Schools	$3,177.62	$3,714.57	$3,929.69	

Exhibit OP-15(G)
Page 3 of 3
February 24, 1986

REPRODUCED AT GOVERNMENT EXPENSE

DEPARTMENT OF DEFENSE D[illegible]DENTS EDUCATION
OPERATIONS AND MAINTENANCE, DEFENSE AGENCIES
MAINTENANCE AND REPAIR OF REAL PROPERTY
($ in Thousands)

	FY 1985	FY 1986	FY 1987
1. Funded Program			
A. Category of Maintenance			
Recurring Maintenance	8,054	8,118	8,524
Major Repair Projects	30,812	28,697	33,692
Minor Construction and Alterations	8,728	7,760	11,033
TOTAL Maintenance and Repair of Real Property	47,594	44,575	53,249
2. Requested Floor	33,525	43,059	47,924
3. Backlog of Maintenance and Repair	84,886	73,354	43,639

Exhibit OP-27
February 24, 1986

DEPARTMENT OF DEFENSE DE CS EDUCATION
OPERATIONS AND MAINTENANCE, ENSE AGENCIES
MAJOR INFORMATION TECHNOLOGY ACQUISITION PLANS
1986 - 1991
($ in Thousands)

Department of Defense Dependents Schools (DoDDS)

Item: Word Processing

Obligations:

1986	1987	1988	1989	1990	1991
5,508	2,923	724	752	813	860

Description: Purchase and Maintenance of word processing equipment for use in business education classes, school offices, and other administrative offices throughout DoDDS.

Item: Management Information Systems

Obligations:

1986	1987	1988	1989	1990	1991
2,112	5,520	514	535	556	589

Description: Purchase and maintenance of an integrated network of mainframe, mini, and microcomputer systems to support DoDDS comprehensive management information systems requirements at headquarters, in 5 regional offices, 19 administrative offices, and 270 schools.

Item: Computer Education

Obligations:

1986	1987	1988	1989	1990	1991
3,500	350	364	378	393	409

Description: Purchase of microcomputers to support use of computer technology as a medium of instruction in all academic disciplines among schools (K-12) throughout DoDDS.

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS
INFORMATION TECHNOLOGY SUMMARY SHEET

I. General Information:

DoDDS information technology program supports administrative and classroom uses of computer technology within and among the 295 schools and offices providing and supporting dependents education overseas. Equipment consists primarily of large numbers of small and enhanced microcomputers which are insufficient to accomplish current and anticipated requirements for this technology. Specific deficiencies are in the areas of word processing (for both classroom instruction and office administration) and management information systems. Information technology program staffing is minimal for a school district of this size and no increases are anticipated in FY 1987.

II. Program Highlights:

a. Buyout Actions. DoDDS accomplished a buyout of all leased ADP equipment during FY 1985 and currently has no leases for this type of equipment.

b. New Starts. There are no new starts in FY 1987.

c. Ongoing Initiatives.

1. Word processing. During FY 1987, DoDDS plans to complete its word processing procurements which were initiated in FY 1985 to support classroom and administrative requirements.

2. Management Information Systems. During FY 1987, DoDDS also plans to complete development of an automated management information system which was initiated in FY 1986.

d. Management Review of Budgets. Review of the information technology budget is accomplished within DoDDS by the Director, DoDDS and senior functional managers who serve on the Automated Information Systems Review Board and recommend priorities among validated requirements.

e. Significant Costs. DoDDS information technology costs are primarily for the acquisition of micro and minicomputer equipment and maintenance. Budget increases are primarily due to capital investments in FY 1986 to support classroom word processing and management information system development efforts. Capital investment decreases by 21% in FY 1987, and is not requested in FY 1988. Maintenance costs increase as additional equipment is acquired but remain stable in outyears.

III. Summary.

DoDDS information technology budget for FY 1987 supports completion of ongoing classroom and administrative equipment acquisition efforts. There are no new initiatives in this submission.

ATTACHMENT 2

DEPARTMENT OF DEFENSE
OFFICE OF DEPENDENTS SCHOOLS
2461 EISENHOWER AVENUE
ALEXANDRIA, VIRGINIA 22331-1100

PPW-56940

MAR 28 1986

RECEIVED APR - 2 1985

Mr. Jack Rollins, President
Overseas Education Association
1201 Sixteenth Street, N.W.
Washington, D.C. 20036

Dear Mr. Rollins:

As I informed you in our March 26, 1986, conversation, there are a number of actions which must be taken because of significant reductions in the DoDDS budget. A summary of these actions is listed on the attachment. If you have any questions about these or wish to discuss them further, please let me know.

Sincerely,

Paul Wolfe
Chief of Management-Employee Relations

Attachment

CLASSES ARE TO BEGIN IN ALL REGIONS ON 15 SEPTEMBER 1986. ORIENTATION FOR TEACHERS IS TO BE 12 SEPTEMBER 1986. TEACHERS SHOULD BE ALLOWED ACCESS TO THE SCHOOLS, IF DESIRED, ON THE 13TH AND/OR 14TH OF SEPTEMBER 1986.

ALL REGIONAL DIRECTORS MUST IMPLEMENT THE FOLLOWING:

(A) NEW PERMANENT OR TEMPORARY TEACHERS FOR THE REMAINING PORTION OF SY85/86 WILL NOT BE HIRED (MAXIMUM USE OF SUBSTITUTES WILL BE MADE TO ENSURE PROPER CLASS COVERAGE);

(B) CURRENT TEMPORARY TEACHERS SHOULD NOT BE CONVERTED TO PERMANENT STATUS THIS SCHOOL YEAR;

(C) EVERY VACANCY, EXCEPT SUBSTITUTE POSITIONS, WILL BE GIVEN A CASE-BY-CASE REVIEW BY THE REGIONAL DIRECTOR TO DETERMINE IF IT ABSOLUTELY ESSENTIAL TO FILL THE POSITION PRIOR TO THE END OF FY86;

(D) SUBSTITUTES ARE TO BE UTILIZED ONLY TO REPLACE CLASSROOM TEACHERS, AND MAY NOT BE USED TO REPLACE ELEMENTARY SPECIALISTS (ART, MUSIC AND PE);

(E) ALL OVERHIRE EMPLOYEES, EXCEPT THOSE EMPLOYED WITH THE ACCOUNTING PILOT IN THE MEDITERRANEAN, WILL BE TERMINATED;

(F) ADMINISTRATORS, SUPPORT OR CLERICAL PERSONNEL WILL NOT BE TRANSFERRED (WRITTEN EXCEPTIONS MAY BE GRANTED BY ODS UPON RECEIPT OF SUFFICIENT JUSTIFICATION);

(G) THERE ARE TO BE NO ADDITIONAL EXPENDITURES FOR CONFERENCES;

(H) NO ADDITIONAL RESEARCH AND INNOVATION PROJECT EXPENDITURES ARE TO BE MADE;

(I) THERE ARE TO BE NO ADDITIONAL EXPENDITURES FOR IN-SERVICE TRAINING;

(J) THERE IS TO BE NO TUITION ASSISTANCE FOR EMPLOYEES;

(K) SUMMER SCHOOL MAY NOT BE CONDUCTED EXCEPT WHEN REQUIRED BY STUDENTS' IEP'S;

(L) REPAIR AND MAINTENANCE EXPENDITURES ARE TO BE REDUCED TO THE REGIONS' REPAIR AND MAINTENANCE FLOORS;

(M) ONLY CRITICALLY ESSENTIAL TDY IS TO BE FUNDED;

(N) THE REGIONAL AUGMENTATION OF THE SYSTEM-WIDE ACHIEVEMENT TESTING PROGRAM IS TO BE ELIMINATED;

(O) THE SABBATICAL AND OTHER LONG-TERM TRAINING PROGRAMS ARE CANCELLED (ARR MAY STILL BE APPROVED);

(P) THERE IS TO BE NO EXPANSION OF OFFERINGS AND NO PURCHASE OF EQUIPMENT FOR THE VOCATIONAL EDUCATION PROGRAM;

(Q) NO NEW AUDIO VISUAL STUDIOS ARE TO BE ESTABLISHED;

(R) THERE IS TO BE THE MAXIMUM POSSIBLE REDUCTION OF EXTRA-DUTY COMPENSATION;

(S) THERE IS TO BE THE MAXIMUM POSSIBLE REDUCTION OF TRANSPORTATION FOR EXTRA-CURRICULAR ACTIVITIES:

(T) ALL OUTDOOR EDUCATION PROGRAMS ARE TO BE SUSPENDED;

(U) ONLY CRITICALLY ESSENTIAL SUPPLIES MAY BE PURCHASED;

(V) THERE ARE TO BE NO EMPLOYEE TERMINATIONS THROUGH REDUCTION IN FORCE AS A RESULT OF THE BUDGET REDUCTIONS UNLESS AN EMPLOYEE REFUSES A TRANSFER OR OTHER REASONABLE OFFER OF CONTINUED EMPLOYMENT. SHOULD ADDITIONAL ECONOMIES BE NECESSARY, WE WILL CONSIDER A SYSTEM-WIDE FURLOUGH WITHOUT PAY OF ABOVE-SCHOOL EMPLOYEES, TO INCLUDE ODS. FURLOUGHS LIMITED TO A COUNTRY OR REGION ARE NOT AUTHORIZED.

(W) THE TRANSFERS OF TEACHERS WILL BE LIMITED IN ACCORDANCE WITH THE FOLLOWING PARAGRAPHS.

THE NEW DODDS TRANSFER PROGRAM HAS BEEN DELAYED UNTIL NEXT SCHOOL YEAR. THE REGIONS ARE NOT TO CONDUCT ANY REGIONAL TRANSFER PROGRAMS. REASSIGNMENTS WHICH ARE DETERMINED BY THE REGIONAL DIRECTORS TO BE ABSOLUTELY NECESSARY TO

MEET THE NEEDS OF MANAGEMENT CAN STILL BE MADE. WE WILL ATTEMPT TO PLACE EMPLOYEES WHO ARE OFFICIALLY DECLARED SURPLUS TO THE NEEDS OF THEIR COMPETITIVE AREA BY MATCHING THE EMPLOYEES QUALIFICATIONS AGAINST CONUS REQUISITIONS. SUCH EMPLOYEES MUST HAVE BEEN ISSUED A WRITTEN (GENERAL OR SPECIFIC) NOTICE OF REDUCTION IN FORCE. OFFERS WILL BE MADE WITHOUT REGARD TO GEOGRAPHIC PREFERENCE.

(A) REQUESTS FOR PLACEMENT OF SURPLUS EMPLOYEES WILL BE TRANSMITTED BY ELECTRICAL MESSAGE WITH THE FOLLOWING INFORMATION PROVIDED:

(1) NAME OF EMPLOYEE
(2) PRESENT SCHOOL ASSIGNMENT
(3) CATEGORIES FOR WHICH QUALIFIED
(4) EXTRA AND CO-CURRICULAR ACTIVITIES
(5) NEW CURRICULAR APPROACHES
(6) NUMBER OF YEARS AT PRESENT LOCATION
(7) DATE OF R-I-F NOTICE
(8) DATE OF SEPARATION

(B) CONSIDERATION WILL BE GIVEN UNTIL THE EFFECTIVE DATE OF THE EMPLOYEE SEPARATION.

ATTACHMENT 3

PUPILS ENROLLED PER TEACHER IN PUBLIC ELEMENTARY AND SECONDARY SCHOOL

		FY 85	FY 86
1.	Utah	24.05	24.18
2.	DODDS	23.40	24.30
3.	California	22.91	23.93
4.	Michigan	21.81	21.27
5.	Arizona	21.08	23.65
6.	Washington	21.07	20.71
7.	Idaho	20.74	20.61
8.	Tennessee	20.51	20.23*
9.	Nevada	20.22	19.99
10.	Alabama	20.15	19.79*
11.	Hawaii	20.07	19.60
12.	Kentucky	19.62	19.16*
13.	North Carolina	19.52	19.54*
14.	Louisiana	19.17	18.76*
15.	Indiana	18.96	19.32
16.	Colorado	18.92	19.11
17.	Georgia	18.87	18.56*
18.	Mississippi	18.53	18.57
19.	Ohio	18.41	18.26
20.	New Mexico	18.37	17.99
21.	Illinois	18.21	17.76
	UNITED STATES	18.18	18.12
22.	Arkansas	18.04	18.29
23.	South Carolina	17.95	18.03*
24.	Rhode Island	17.76	15.24
25.	Texas	17.72	17.95
26.	Maryland	17.72	17.55
27.	Florida	17.63	17.53
28.	Oregon	17.52	17.76
29.	Minnesota	17.42	17.19
30.	Virginia	16.97	16.74*
31.	Wisconsin	16.92	16.81
32.	Pennsylvania	16.82	16.60
33.	Missouri	16.80	16.53
34.	Maine	16.61	16.05
35.	Oklahoma	16.56	16.88
36.	Delaware	16.45	16.17
37.	Iowa	16.17	15.71
38.	West Virginia	15.97	15.80
39.	Montana	15.81	15.26
40.	New Hampshire	15.70	15.34
41.	Massachusetts	15.59	14.92
42.	New York	15.50	15.37*

43. New Jersey	15.50	15.12
44. Alaska	15.43	17.29
45. Kansas	15.39	15.39
46. South Dakota	15.31	15.19
47. Nebraska	15.17	15.13
48. North Dakota	15.13	15.02
49. Dist. of Col.	15.09	18.12
50. Connecticut	14.65	14.26
51. Vermont	14.21	14.16
52. Wyoming	14.11	14.09
SECTION SIX	NA	NA

Computed from NEA Research

* States with SECTION SIX Schools

ATTACHMEN

PER PUPIL EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

		FY 85	FY 86	
1.	Alaska	$6,867	$8,044	1.
2.	New York	5,219*	5,616	2.
3.	New Jersey	5,085	5,544	3.
4.	Wyoming	4,961	5,479	4.
5.	Dist. of Col.	4,785		
6.	Connecticut	4,438	4,888	6.
7.	Rhode Island	4,332	4,669	7.
8.	Delaware	4,155	4,517	8.
9.	Maryland	4,038	4,349	9.
10.	Pennsylvania	4,002	4,235	12.
11.	Montana	3,968	4,337	10.
12.	Oregon	3,963	4,123	14.
13.	Massachusetts	3,889	4,255	11.
14.	Wisconsin	3,880	4,168	13.
15.	Vermont	3,783	3,554	26.
16.	Kansas	3,668	3,914	15.
17.	North Dakota	3,608	3,059	37.
18.	Hawaii	3,596	3,766	18.
19.	Colorado	3,536	3,740	19.
20.	Illinois	3,517	3,621	22.
21.	Washington	3,437	3,705	21.
22.	Michigan	3,434	3,789	17.
23.	Florida	3,427	3,731	20.
	UNITED STATES	3,413	3,677	
24.	Iowa	3,409	3,568	25.
25.	Minnesota	3,396	3,864	16.
26.	Ohio	3,315	3,547	27.
27.	California	3,296	3,573	24.
28.	New Mexico	3,278	3,374	29.
29.	Texas	3,161	3,384	28.
30.	Nebraska	3,128	3,285	32.
31.	DODDS	3,122	2,908	43.
32.	Virginia	3,043*	3,210	33.
33.	Maine	3,038	3,346	31.
34.	New Hampshire	2,964	3,114	36.
35.	SECTION SIX	2,957	3,590	23.
36.	Missouri	2,901	3,155	34.
37.	Oklahoma	2,901	2,867	44.
38.	West Virginia	2,866	2,821	47.
39.	Nevada	2,848	3,142	35.

40.	South Dakota	2,813	2.967	41.
41.	Louisiana	2,806*	3,046	38.
42.	Kentucky	2.792*	2,853	45.
43.	South Carolina	2,740*	2,912	42.
44.	Arizona	2,695	2,829	46.
45.	Georgia	2,682*	2,980	39.
46.	Indiana	2,638	2,973	40.
47.	North Carolina	2,588*	3,366	30.
48.	Arkansas	2,498	2,642	48.
49.	Tennessee	2,349*	2,533	49.
50.	Idaho	2,290	2,390	51.
51.	Alabama	2,241*	2,508	50.
52.	Mississippi	2,205	2,305	52.
53.	Utah	2,183	2,297	53.

Computed from NEA Research

* States with SECTION SIX Schools

ARMY TIMES FEB. 24, 1986

8

Marsh Says Better Quality of Life a Top Priority

By LARRY CARNEY
Times Staff Writer

WASHINGTON — If only one program could be protected from budget cuts, the Army's leaders say, it should be the $5.9 billion program designed to improve the quality of life of soldiers and their families.

Secretary of the Army John O. Marsh Jr. told a hearing of the House Armed Services Committee Feb. 7 that the priority goal of the Army is to provide better facilities for soldiers and their families. That includes better working conditions and improvements in housing and in facilities for recreation, health care, family activities and religious worship.

The fiscal 1987 defense budget request which the administration sent to Congress Feb. 4 seeks a quality of life budget of $5.9 billion — $330 million more than Congress authorized for fiscal 1986.

Under questioning, the secretary said that if he had to protect one item in the Army's $81.5 billion budget request, it would be money earmarked for "our people programs."

"Soldiers are our most important assets. We've got to look out for them. If we do, they're going to look out for our country and the Army," Marsh said.

Gen. John A. Wickham Jr., the Chief of Staff, told the committee that protecting the quality of life budget also is one of his major concerns.

Wickham said that everywhere he goes, the Army's quality of life effort draws high praise from sol- [illegible] diers and their families.

"Recently, while visiting Reforger units in Europe, I saw that our commitment to soldiers and their families has paid off significantly in terms of their increased commitment to a more ready Army. They see the very meaningful accomplishments the Army has made to improve their quality of life, and [illegible] better soldiers and their families feel about the Army, the better our combat readiness," he said.

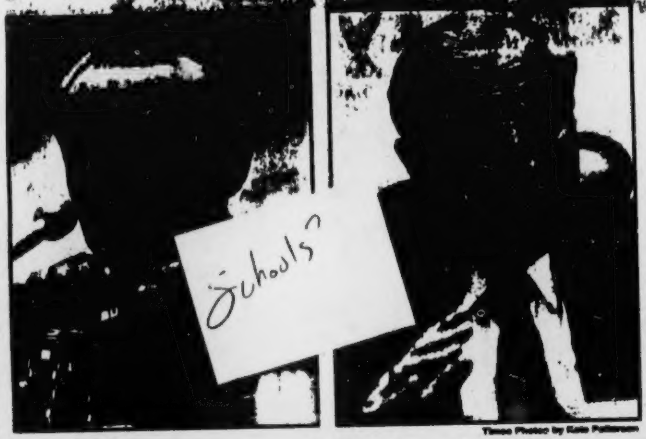
The $5.9 billion quality of life budget request includes $1.7 billion to build 3,400 new housing units for soldiers. It also seeks money for 19 new child development centers, money to help family members establish their own child care businesses, money to hire financial assistance and consumer education counselors, and to build up the Army Community Services (ACS) program.

In their posture statement, Marsh and Wickham said the effort to bolster the ACS program is necessary because these centers are the major source of support for Army families on Army installations.

"ACS has never been adequately funded to perform its missions and provide the services Army families deserve. While funding initiatives in FY '86 began to close the gap, our request for FY '87 would improve markedly their ability to provide necessary services," the statement said.

As part of its buildup of the ACS programs, the Army plans to hire a large number of counselors to help soldiers with their financial and consumer problems.

ACS centers also would offer counseling and supportive services to handicapped family members under Army plans.


Schools?

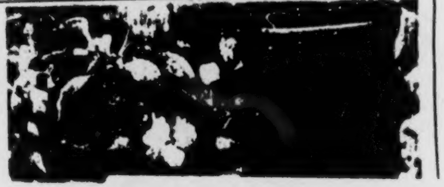
Times Photos by Kate Patterson

WICKHAM (left) and MARSH (right): Funds for the Army Community Services program are essential, they said, because ACS centers are the major source of support for families on Army installations.

Softer, More Durable, Costlier Combat Boot to Make Debut

By WALT MORRISSETTE
Times Staff Writer

test miles through mud, water, sand and clay up and down hills. Four versions were commercial and two were from DoD. The winning "super boot" was developed by the Army Natick Research [illegible] Center near Boston



ATTACHMENT 6

TEACHER CONCERNS WITH THE DODDS SCHOOL SYSTEM

Sometime following Mid-Term bargaining in 1978, labor-management relations between OEA and DODDS began to deterioate.

The 1978 bargaining was the second Mid-Term bargaining held under the 1977-1980 OEA-DODDS Agreement. Tentative agreements were reached on some major issues (BA + 15 pay lane, extra pay for days worked beyond the average number of school days per year in school systems used to determine our salary schedules, Pilot Transfer Program, Teacher Exchange Program, and 1-year tour of duty for La Maddalena and Sigonella, Italy) effecting teachers.

For some unknown reason, DODDS failed to implement these agreements. From that point forward, DODDS/DOD began to implement policy changes that reduced teacher benefits and increased the teacher work load. The first noticeable changes came during the course of bargaining for a new contract during the summer and fall of 1979. Under direction from the new statute (law creating DODDS) calling for a Teacher Certification/Recertification Program DODDS felt compelled to negotiate the new program with the OEA. From the beginning it was obvious that DODDS wanted the maximum requirements placed on the teachers with the minimum cost to the government. Faced with a deadline for implementation, DODDS opted to implement a supervicial program that met the requirements of law. At least on paper. The new regulation was implemented on December 19, 1979. On the same day, DODDS suspended negotiations with the OEA under the excuse that they did not know who to bargain with because they had officially challenged our bargaining unit with the FLRA.

Following the challenge, the FLRA conducted elections to determine what unions would bargain for the teachers and at what administrative level bargaining would take place. The process took from December 19, 1979 to July 22, 1982. Following recognition, the OEA requested bargaining for a new contract. This process ran from December 15, 1982 until July 25, 1985 before a new contract was put into effect.

For a period of approximately 7 years (July 1978-July 1985) teachers were without a new contract and were forced to accept changes made by DODDS/DOD without negotiations. It was during this period that major changes were made that adversely effected teacher working conditions and benefits.

Beginning with the refusal to implement the 1978 agreements, the following actions were taken by DODDS/DOD that substantially affected the morale of DODDS educators:

1. Certification/Recertification Program.
2. Performance Appraisal System.
3. Reduction of LQA for married employees.
4. Reduction of transfer opportunities.
5. Priority hiring for local hires over transfers.
6. Inclement weather policy.
7. 20 minutes extension of work day under guise of NCA requirements.
8. Additional 30 minutes extension of work day for grades 1-3. Extension of Kindergarten work day.
9. Loss of free lunch period.
10. Loss of prep time for elementary teachers.
11. Added duties under the special education programs.
12. Loss of Teacher Work days at end of marking periods and at end of school year.
13. Loss of Orientation days at beginning of school year.
14. Loss of Teacher-Parent conference days.
15. Lowering of teacher standards for student grades.
16. Loss of In-Service days for teachers.
17. Loss of testing time for semester exams.
18. Increased work load under the 7-Period Day.
19. Increase in class sizes.
20. Forced working under unsafe and unhealthy environments.
21. Increase requirements in qualification standards without assistance.
22. Required assignments under extra-curricular programs.
23. Forced implementation of Master Teacher/Merit Pay Program.
24. Forced evacuation of base housing.
25. Reduction in use of substitutes.
26. Loss of medical and dental benefits along with a increase in rates.
27. Loss of rights under involuntary reassignments.
28. Downgrading of Counselors and Psychologists.
29. Restrictive use of LWOP.
30. Extended work requirements beyond the normal duty day for committee meetings.
31. Reduced opportunities for leave for military training.
32. Loss of Renewal Agreement Travel when reassigned to a new duty station during the school year.
33. Loss of Renewal Agreement Travel when absent from duty station for a prolonged period of time due to emergency conditions.
34. Loss of Retirement credit when absent from duty due to emergency conditions for a period exceeding 60 days.
35. Loss of Student Activity Funds for local school use.
36. Loss of credits under the MA + 30 salary schedule.
37. Loss of college credits under the salary schedule.
38. Mainstreaming special education students without proper training for classroom teachers and using specialists only as consultants.

39. Reduction in staffing for elementary specialists (Art, Music, P.E.), media specialists, counselors, and nurses.
40. Decrease in educational standards by:
    - lowering of grade equivalency.
    - increasing curriculum review periods from 3 years to 5 years to 7 years.
    - tutoring students for SAT tests.
    - no suspension system for students
    - "No-Fail System" for students
41. Loss of Space Available travel for teachers.
42. Change in tour of duty for Philippines from a 1 year tour to a 2 year tour.
43 Others.

In addition to the above there are concerns related to the restrictions placed on Association Representation:

44. Loss of official time for representation.
45. Loss of travel and per diem.
46. Loss of LWOP to attend Association meetings.
47. Loss of Consultations meetings with regional offices.
49. Prolonged negotiations procedures requiring years for resolutions.
50. Prolonged grievance processing requiring years for resolution with exorbitant arbitration costs.
51. Others.

ATTACHMENT 7

FY 1987 PRESIDENT'S BUDGET INCREASES
BUDGET INCREASE
(Thousands of Dollars)

TOTAL BUDGET INCREASE FROM FY 86		94,178
EDUCATIONAL PROGRAMS:		
Enrollment Increase of 6,000 Students	17,319	
Increased High School Graduation Requirements	5,700 -	
Talented and Gifted	4,042 -	
Comprehensive Safety Program	2,169 -	
English as a Second Language	2,102 -	
School Lunchroom Monitors	1,859 -	
Compensatory Education	1,634 -	
Prekindergarten	1,522 -	
Driver Education	1,502 -	
Elementary Language/Intercultural	362 -	
Junior ROTC	258 -	21,150
TOTAL	38,469	
ADMINISTRATIVE PROGRAMS:		
Management Improvements	5,139	
OTHER PROGRAMS:		
Teacher Salary Increase	25,301	
Repair and Maintenance	6,891	
Permanent Change of Station	5,130	
School Bus Transportation	2,747	
Musical Instrument Repair	196	
Other Programs	1,232	
TOTAL	41,497	
TOTAL PROGRAM INCREASE		85,105
Official Inflation Increase (4%)		9,073

ATTACHMENT 8

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EXECUTIVE SUMMARY

OF

AMERICA'S OVERSEAS DEPENDENTS SCHOOLS: A PROFILE OF POLITICS IN EDUCATION ©

A DISSERTATION, COMPLETED JANUARY 24, 1986
IN THE UNIVERSITY OF MICHIGAN BY JAMES D. HINGA

Additional copies of this summary are available at no cost from:

James D. Hinga
P. O. Box 270
Clarkston, Michigan 48016

Abstracts or copies of the entire 234-page study are available from:*

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EXECUTIVE SUMMARY

Policy decisions regarding America's dependents schools, for the children of United States military personnel on long-term overseas assignment, have often been controversial. As part of PL 96-88, the 1979 Department of Education Act, management of this vast system (over 150,000 students in 1985) was to have been transferred from the Department of Defense (DoD) to the new Department of Education (ED). Despite some elaborate and costly planning, the transfer was legislatively delayed twice, and finally rescinded in October, 1985. This study examines the motivations and capabilities of the institutions that influenced this education policy decision, demonstrates the complexity of education policy-making, and explores the pervasive role of politics in education.

Schools for military dependents have existed, in one form or another, since the War of 1812 when some Army units were stationed on remote western posts. Political and financial support for dependents education wavered over the decades that followed. Following World War II the number and size of overseas schools leaped dramatically. This growing international school system was rather inconsistently managed by the individual branches of the armed services for the next thirty years. In the late 1970's, however, Congress consolidated administrative responsibility for dependents education under DoD.[1]

Today, dependents education is very big business, and, in Washington D. C., an agency's size frequently influences its financial and political power. There are currently more than 270 Department of Defense Dependents Schools (DoDDS) in 20 countries. The cost of running DoDDS, including the salaries of its 12,000 employees, exceeds $550 million annually. The exact size of the system changes daily due to revisions in military assignments and DoD decisions about numbers of armed forces assigned to various locations. It is also difficult to determine the precise cost of running these schools since their authorized budget only appears as a line item in massive defense authorization bills.

There are far more dependents schools today than there were at the close of World War II when the United States began increasing its full-time military presence in other lands. Richard C. Barnard, a critic of dependents education during the late 1970's, paints a bleak picture of those first schools in Europe.

> In 1946, 38 elementary schools and five high schools -- some no more than a collection of tents and quonset huts -- opened their doors to 1,297 military children who trudged to class through the ruins of a defeated Germany. As military families poured overseas . . . the military departments opened schools around the world.[2]

According to Barnard, many of the schools still operated in abysmal conditions in the 1970's. He condemned London Central as a "converted Air Force barracks," and suggested that "Frankfurt Jr. High was once a Nazi women's prison." In articles inserted in the Congressional Record by Senator Abraham Ribicoff (D-Conn), Barnard cited other examples of physical deficiencies at dependents schools.

> During the winter months, the faculty and students at Nuremberg High School look like studio extras for M*A*S*H. . . . teachers and students on the bottom floor of the school wear their overcoats in the classroom while those on the top floor open the windows to avoid heat prostration . . . hallways and classrooms are littered with trash. The electrical wiring is so bad that when one teacher plugs in a movie projector, the lights in nearby classrooms dim and sometimes go out. . . .

> The library reading room is out in the hallway. . . . The equipment and tables in the library's tiny audio-visual study room are always covered with a fine layer of dirt. . . . The dependents schools in Europe have come a long way since the postwar days of converted barracks and pioneer hardships. But when compared to many community school systems in the States, the dependents schools are an embarrassment. Military children deserve better.[3]

A Congressional team that visited some of the schools in Germany in 1977 reported to the House Armed Service Committee that dependents "schools suffer from deficient facilities to a degree which would not be tolerated within U.S. borders. This deficiency seems to be widespread."[4] Many of these physical plant problems are now blamed on the individual military departments who ran the schools until the late 1970's. The troop barracks, warehouses and other inferior buildings that should have been "temporary" schools became more permanent as the service branches channeled money from school construction projects to "higher priority" needs.[5]

These structural nightmares are, however, diminishing. Since the management of the schools was consolidated under the Department of Defense Dependents Schools (DoDDS) in 1978, there has been a marked increase in the funds appropriated by Congress for major construction and for maintenance and repair service. The Departments of the Army, Navy, and Air Force averaged only 4.5 major construction projects at just over $10,000,000 annually between Fiscal Year (FY) 1969 and FY 1978. Since then, DoDDS has averaged 11.8 projects at over $42,000,000 annually. DoDDS FY 1985 request for construction was a record $132,500,000.[6]

Despite the progress fostered by the consolidation of the schools under DoDDS, and these new construction projects, President Carter and Congress mandated that management of the dependents education system be shifted from DoD to ED. At hearings before the Senate Committee on the Armed Forces and the Senate Committee on Government Affairs in 1978, there was virtual unanimous support for this proposal. At that time representatives of the Department of Health, Education and Welfare (HEW), Department of Defense, European Congress of American Parents, Teachers and Students (ECAPTS or PTSA), Overseas Education Association (OEA), and Overseas School Administrators (OSA), all spoke in favor of the transition. Following the election of Ronald Reagan in 1980, however, support for the transfer dwindled. By December, 1982, the only pro-transfer testimony before another hearing on this matter came from the OEA. At that time representatives of DoD, ED, the PTSA and the Overseas Federation of Teachers (OFT) all expressed negative views toward the proposed transition. By June, 1983, even the OEA pushed for a two year delay in the transfer.[7]

Advocates of the overseas schools transfer hoped that the 1984 election would bring a new Administration into power. Walter Mondale, the Democratic candidate endorsed by the National Education Association, supported the transition to ED during his campaign saying: "The quality of the schooling of overseas dependents is far more likely to improve under the Department devoted to education than one whose mission is defense. I would urge that reasonable plans for transfer be developed and that this clear provision of the law be carried out."[8] Most observers believe that the schools would now be managed by ED if Carter had won in 1980 or Mondale had won in 1984.

But, following President Reagan's victories in both elections, transfer opponents prevailed. Congress decided that there are sufficient logistical, legal and financial grounds for continuing DoD's administration of the overseas schools. This education policy saga finally ended when the president signed Public Law 99-145 authorizing defense spending for FY 1986 and repealing the transfer of the dependents schools.

This lengthy and costly debate reflects the multilaterally entangled nature of education policy-making. Many institutions, including the presidency, several administrative agencies, Congress, special interest groups and citizen organizations all saw action in this battle. Their public discussion of dependent children's welfare, proper school mission and management, staff spirit and academic excellence, often shrouds other motivations and purposes.

There are, in fact, at least three reasons why individuals and institutions, at one time or another, favored the transition plan. A handful of people actually believed the schools would be better places to learn under ED. A few more felt that the schools would be managed more openly and efficiently by ED. But the vast majority of individuals concerned with this issue reported that political expedience, promoted by interest group pressure and the need to secure legislative approval for ED, provided the prime motivation for this proposal. Transfer advocates never presented enough compelling evidence to justify such a massive management rearrangement. The transfer should never have been proposed, and should never be made. A shift in the administration of the schools from one department to another would do more harm than good.

This repudiation of the transfer concept does not mean all is well with DoDDS. First, many of the people quoted in this study suggested that the overseas schools are run autocratically, that they verge on becoming a "closed system," and that they lack sufficient congressional oversight. Many of these complaints were presented by President Carter's Office of Management and the Budget (OMB) during the initial debate over the transfer. They have also been mentioned in congressional hearings (and legislation) and by the transfer task force.

Without proper oversight the schools run the risk of retreating into themselves and becoming a "closed system." As Michael Kirst and Edith

Mosher explain, there can be problems when institutions operate this way.

> It is almost a social science axiom that institutions or organizations that function as closed systems have great difficulty in carrying out the processes of objective self-examination for reform and self-renewal. The impetus for adaptation to changing contexts and demands almost invariably originates externally . . .[9]

The President of the United States and his Department of Defense have understandable needs for secrecy in some circumstances, but schools that are run in the dark are susceptible to status quo or backward thinking, mismanagement, and eventual disenfranchisement of citizens.

In 1978 the OMB found that the dependents system seemed "to border on a closed society." Their plan to open the schools included development of a legislated link between DoD and ED, and establishment of an "Educational Policy Advisory Board" made up of educators and school officials who would advise the Director of DoDDS.[10] The Defense Dependents Education Act of 1978, The Department of Education Organization Act of 1979, and a 300-page report of the transfer task force all called for the development of local and systemwide advisory councils to help DoDDS become more responsive to its environment. An International Advisory Council on Dependents Education (ACDE) and local (on base) advisory groups are products of this legislation.

There are indications, however, that the present DoDDS leadership would like to decrease the influence of advisory councils. According to the military periodical, Stars and Stripes, DoDDS Director, Dr. Beth Stephens once wrote a memo to Assistant Secretary of Defense Larry Korb suggesting that the ACDE be eliminated "as it is presently constituted." She claimed in the memo that few ACDE recommendations were of "particular value," that the cost of conducting ACDE meetings was too great, and that the group had very little to do. The memo evidently did not have much impact at DoD since both Korb and his assistant, Jerry Calhoun, told Stars and Stripes that they had not even seen it.[11]

Since the ACDE is one of the very few ways that the teachers, parents and students in the DoDDS network participate in the policy-making process, its elimination (or reconstitution under DoD's exclusive control) would close the system even further. Congress evidently agrees. Shortly after the Stars and Stripes articles appeared, the legislature took action to strengthen the ACDE. With words of praise for the National Education Association (NEA), American Federation of Teachers (AFT), and his adversaries in Congress during the transfer squabble, Senator Dan Quayle (R-Ind) introduced a compromise amendment to S. 1160 that negated the transfer but increased the likelihood of an impartial ACDE. The new law assures ED a leadership role on the ACDE through joint appointment of members and joint chairmanship with DoD. It also provides the professional employee organizations the right to designate their own representatives to the local advisory councils and to the ACDE.

While this new transfer-ending legislation is far better than proposals calling for an end to broad-ranged advisory councils, it does not go far enough. If ED appoints a co-chair and members who are inclined to approve whatever DoDDS proposes, the system could close even tighter. Since the current Administration still leans toward the demise of ED, it's likely that individuals prone toward strengthening ED's influence on the ACDE will not be assigned to this organization. There may not be a way around this since every Administration tends to ask its agencies more for allegiance than for expertise or independence, and the legislature seldom scrutinizes such minor appointments.

Congress should, however, take steps to develop an independent

ACDE that has legislatively assured "approval power" over school policy. Legislators are unable to devote much time to careful oversight of the dependents schools' budget, staffing, curriculum or day-to-day operation, but such evaluation is needed. This oversight should be done on an ongoing basis by an organization outside DoD, and an independent ACDE would be able to perform this task. Congress might even be able to take some steps in this direction now since the Reagan Administration has consistently supported legislation giving parents more control over their children's education.

This is not to say that the ACDE or the local councils should become "school boards" with final decision-making power. A school board scheme, as we know it in the United States, is not adaptable to the dependents network. There are a great many reasons for this including: the military hierarchy's need to have ultimate control of all activities on their bases; the massive size and scope of the system; laws pertaining to civil service and to all Federal employees; government procurement policies; and a long list of cost, accounting and appropriation concerns.

Still, Congress should evaluate those areas where it needs oversight assistance, and then legislate "approval power" to the ACDE in those specific areas. Actual final decision-making power would remain exactly where it is now, with Congress, DoD and DoDDS. But if the ACDE did not approve of DoDDS budget, general staffing plan, academic plan or whatever, the appropriate congressional committee should be told why, should pay attention, and should act accordingly. This would force DoDDS to open the system and be responsive to their constituency, and make the ACDE a much more useful and effective organization.

These concepts require much more thought, research, and fine tuning. They probably won't take place under an Administration, like President

Reagan's, which is working to reduce the number of Federal advisory committees, and demands devout loyalty from those that remain. But if some future president or Congress felt the dependents schools needed more oversight, or needed to be more responsive to their environment, they should know there are avenues to accomplish this short of an expensive and cumbersome complete transfer to another government department.

Second, DoDDS should investigate and promptly implement an innovative and sophisticated teacher and administrator transfer/exchange plan. One of the few things that the two teacher unions agree on is that DoDDS must provide more cross-regional transfer opportunities for the overseas staff. Once implemented, this plan would enhance teacher morale, keep good teachers and administrators on the job longer, and substantially reduce the bickering between labor and management. If DoDDS feels this idea would be too costly, they need to demonstrate that to Congress, and ask for more funds.

Congress may well pass NEA sponsored legislation requiring a more complete transfer plan. But, even if a new plan is mandated, DoDDS should develop some additional staff transfer/exchange programs. Many exciting options including one year exchanges between stateside educators and overseas staff, and among overseas personnel, should be explored. These exchanges would help keep DoDDS teachers and administrators fresh and well-informed about educational activity in the United States. It would also give a number of American educators an opportunity for a short-range overseas assignment without losing their job security at home. If teachers could swap living quarters as well as jobs, the plan could save DoDDS the cost of goods shipment as well.

Third, recent legislation maintaining Department of Education representation on the ACDE, and mandating that DoDDS consult ED in appropriate areas, is a step in the right direction. Since the ACDE is charged with advising dependents schools' management on a number of subjects they will benefit from the expertise provided by ED. DoDDS must take advantage of ED's experience in the areas of research, assessment, vocational education, programs for gifted and handicapped children, preschool services, and other fields. These two agencies, working together, could make dependents schools more effective.

This should also help to further "open" the DoDDS system, and provide some limited support for ED. A complete transfer would have established a very strong base for ED, but the department no longer seems to require such a large infusion of personnel and dollars to remain alive. Severe budget cuts, weak appointments, and alterations in policy have undermined ED, but there are still a large number of mandated programs that demand attention. This Cabinet-level Department also functions as a representative of our nation on international councils dealing with education. This role is important since the United States is one of few nations with a decentralized education delivery system.

In some ways it may be better that this Federal agency remain small. If it were too large and powerful it would threaten state and local education authorities even more than it does now. But if ED gets too much smaller, there is a chance it might fail in the future. A policy decision to end ED would be far worse than the proposed transfer. In this age of shifting institutions and constant dramatic change, when the United States feels compelled to maintain and promote military bases around the world, education looms as our most critical need. Adding the prestige of a Federal Cabinet-level Department to our education arsenal should highlight the importance of learning to our nation's future.

Thus, there is a clear connection between the proposed DoDDS transition and the establishment of ED. The transfer concept, like most education policies, did not stand alone, and it did not spring forth as a solitary issue. Despite the rhetoric about school quality, about children's academic and physical welfare, and about teacher benefits -- offered by both camps in this battle -- it's unlikely that a management shift for DoDDS would have been debated as a discrete matter if Congress had not been pressed by the Carter Administration to establish ED. This transfer is just a minute part of a vast vortex of concerns about the role of the federal government in our public institutions and the nature of our nation's economic and political priorities.

This is the gist of the debate surrounding the transfer of dependents schools. Should this federal government -- based on a Constitution that makes no mention of public education; that steadfastly limits the scope of central power; that consistently opposes a national school system; and that historically grants virtual educational autonomy to state and local jurisdictions -- even have a Cabinet-level Department of Education? And, even more importantly, what are the appropriate expectations, limitations and duties (if any) of national government in our nation's schools?

Finally, this study suggests that parents and teachers typically have very little interest in, or influence on, dependents school policy; that education interest groups, especially the NEA and AFT, are finding new ways to affect public policy; and that education policy-making often includes unusual alliances, confusing impediments and surprise conclusions. In addition, the study indicates that the power of prominent political institutions (especially the presidency) is awesome, but that individual citizens can still influence policy. The proposed DoDDS transfer also demonstrates that education policy-making is an ever-evolving complex matter that deserves more research attention.

Endnotes to Executive Summary

[1] For a more complete history of dependents education see: Anthony Cardinale, "Overseas Dependents' Schools of the Department of Defense: Their Origin, History and Unification," unpublished dissertation, The George Washington University, 1966. Chapter III of my study fully describes the background and outcome of the proposed transfer.

[2] Richard C. Barnard, "Dependents Schools in Europe: A Disorganized System in Danger of Flunking," Army Times, as inserted in Congressional Record - Senate, September 28, 1978, p. S16446.

[3] Barnard, in Congressional Record, September 28, 1978, p. S16446, S16451-S16452.

[4] House Armed Services Committee Report No. 95-18, May 25, 1977.

[5] James J. Hawkins, in an unpublished presentation to the Advisory Council on Dependents Education, February 6, 1984, p.1.

[6] Hawkins, pp. 2-3.

[7] "OEA Board of Directors Moves to Delay Transfer," OEA Washington Journal, June, 1983, 26:4, p. 1.

[8] "White House Hopefuls: Where They Stand on NEA Issues," NEA Today, October, 1983, p. 15.

[9] Michael W. Kirst and Edith K. Mosher, "Politics of Education," Review of Educational Research, 39:5, p. 627.

[10] Congressional Record, September 28, 1978, p. S16444.

[11] Clint Swift, "End to DoDDS advisory group urged," The Stars and Stripes, May 13, 1985, p. 1. and Clint Swift, " Memo: Scrap DoDDS advisers," Pacific Stars and Stripes, May 16, 1985, p. 13.

TUESDAY, APRIL 29, 1986.

JOINT POLICY BOARD FOR MATHEMATICS

WITNESS

ANDREW M. GLEASON, CHAIRMAN, JOINT POLICY BOARD FOR MATHEMATICS

INTRODUCTION

Mr. CHAPPELL. We will now hear from Andrew M. Gleason, Chairman of the Joint Policy Board for Mathematics.

Mr. Gleason, we are glad to have you with us.

STATEMENT OF MR. GLEASON

Mr. GLEASON. Mr. Chairman, I am Hollis Professor of Mathematics and Natural Philosophy at Harvard University and a former President of the American Mathematical Society. I represent the Joint Policy Boards of Mathematics representing 31,000 professional mathematicians from universities, colleges, government laboratories, and industry around the country. Our concern is particularly about the DOD 6.1 basic research program for mathematics.

MATHEMATICS RESEARCH

Some years ago, the National Research Council put together a special committee to examine the structure of Federal support for mathematics research. That committee was chaired by Edward David who was formerly the President's Science Advisor and it consisted primarily of nonmathematicians.

They found that support for mathematics had declined seriously over the last five years and they felt that Federal support for mathematics must be restored if we expect to achieve and maintain the kind of technological abilities that we have had over the past 20-odd years. They estimated that there was a shortfall in government support which by comparison with the 1985 figures is approximately $90 million.

What does that have to do with the DOD? It turns out that 94 percent of all the money in Federal support for mathematics goes through two agencies, the National Science Foundation and the DOD. Forty percent is the share of the DOD.

Many people don't appreciate this fact, but there is a very important mathematical component under everything in the technological world. There are on page 2 of our testimony several mentioned explicitly.

I would like to concentrate on something not there to which I can speak personally.

I came to this town in 1942 as a green naval ensign and joined naval communications and I have been associated with the National Security Agency and its predecessors and offshoots ever since. I assure you that theoretical mathematics has a very important role within the work of that agency.

There are several reasons why the support of mathematics has fallen off, and one is that we are a small item, it is easy for us to be lost in the cracks or aggregated with some other group and the money lost track of.

That is one of the primary reasons why support fell off in the period from 1969 to 1984. It was largely because math was lumped together with computer science research and computer production and so on, that it got lost in the shuffle.

The David committee report recommended that in five years the Federal support for mathematics research should get to $180 million, and considerable progress has been made on that in the meantime.

The support went up from $80 million to approximately $90 million from 1984 to 1985, and would be around $100 million for 1986, but we do not now know what the effect of the Gramm-Rudman-Hollings budget reduction will be in the Department of Defense and that is one of the reasons I am here.

At the National Science Foundation, the director has announced that he intends to protect the mathematics appropriation from the Gramm-Rudman-Hollings cuts. However, we would like to recommend two things to your committee. One, that you continue your support of mathematics research in your appropriations bill, and the other is that we would hope that you would also ask the Department of Defense to supply you with a report on how in fact they are dealing with this money so that it will not get lost in the cracks once again.

We are afraid that is a likely fate because far too many people seem to take mathematics for granted and put the money in what appear to be the high glamor things.

I would be happy to answer any questions.

Thank you for your attention.

Mr. **CHAPPELL**. Mr. Gleason, thank you very much and we will certainly look into the problem you speak about.

Mr. Dicks?

Mr. **DICKS**. No questions.

Mr. **CHAPPELL**. Mr. Hefner?

Mr. **HEFNER**. No questions.

Mr. **CHAPPELL**. Mr. Miller?

Mr. **CLARENCE MILLER**. No questions.

Mr. **CHAPPELL**. Mr. Gleason, thank you very much.

[The statement of Mr. Gleason follows:]

WRITTEN TESTIMONY

SUBMITTED TO THE
U.S. HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE

APRIL 29, 1986

SUBMITTED BY THE
JOINT POLICY BOARD FOR MATHEMATICS
1529 18TH STREET, N.W.
WASHINGTON, D.C. 20036

The Joint Policy Board for Mathematics is an executive policy board of the American Mathematical Society, the Mathematical Association of America and the Society for Industrial and Applied Mathematics.

TESTIMONY SUBMITTED BY THE JOINT POLICY BOARD FOR MATHEMATICS

BEFORE THE SUBCOMMITTEE ON DEFENSE OF THE HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL YEAR 1987

DEPARTMENT OF DEFENSE APPROPRIATIONS

My name is Andrew Gleason. I am Hollis Professor of Mathematicks and Natural Philosophy at Harvard University, and a former president of the American Mathematical Society. I also helped found the Joint Policy Board for Mathematics, on behalf of which I am speaking today. The Joint Policy Board for Mathematics represents 31,000 mathematicians from universities and colleges, government laboratories and industry.

PRIMARY CONCERNS OF THE MATHEMATICS RESEARCH COMMUNITY

The Joint Policy Board for Mathematics is concerned about the Department of Defense (DOD) 6.1 basic research program as it applies to mathematics research. There are several key points to be made:

- Federal support for mathematics research, in particular 6.1 support at the DOD, has declined to a critically low level.
- Federal support for mathematics research must be restored if the nation is to continue to receive direct benefit from research results.
- Present levels of federal support for mathematics research are about $90 million short of the needed level.
- About 94% of federal support for mathematics research comes from the Department of Defense (40%) and the National Science Foundation (54%). Responsibility for restoring funding for mathematics research rests primarily with these two agencies.

DOD BENEFITS FROM MATHEMATICS RESEARCH

DOD-sponsored mathematics research has a long track record of contribution to the nation's defense effort. How has the DOD benefited from its support of mathematics research in the past?

Examples of direct contributions to defense made through DOD-supported discovery of new mathematical methods and concepts include:

- Linear programming techniques developed in the 1940's by George Dantzig and others, which were essential in keeping the U.S. fleet supplied. Modern day extensions of these methods enable DOD to plan, program and manage a variety of logistically complex situations, thereby saving multi-millions of dollars each year.
- Fourier transform methods created by Norbert Wiener in and after World War II formed the conceptual basis for signal processing, which is used pervasively in military communication, information gathering, and detection. Today's ground-level radar, which reliably identifies moving objects, is based on a direct application of Wiener's methods, made possible by the availability of powerful computers.
- Mathematical control theory, based on variational calculus, is used extensively in aerodynamics, space and fire control.
- Mathematical studies of friendly vs. unfriendly aircraft using partial differential equations methods called asymptotic diffraction theory proved successful and are used in submarine identification.

SHORTFALLS IN FEDERAL SUPPORT FOR MATHEMATICS RESEARCH

In June, 1984, the National Research Council's ad hoc Committee on Resources for the Mathematical Sciences issued its report on the health of and support for mathematics research in the United States. The Committee was chaired by Dr. Edward E. David, Jr., former science advisor to the president and then-president of Exxon Research and Engineering Company. The David Committee report, Renewing U.S. Mathematics: Critical Resource for the Future, documented seriously low levels of federal support for mathematics research.

The dramatic decline in funding happened for two reasons: First, even among sophisticated observers of science and technology, there is a tendency to believe that the mathematics necessary for progress in science and technology already exists and needs only to be applied. But, the creation of new mathematics is a vital part of scientific and technological advancement. This point often escapes the attention and support of policy makers.

Second, the philosophy behind the Mansfield amendment caused the DOD to drop much of its support for basic mathematics research in the late 1960's and early 1970's. Together with a dramatic reduction in the early 1970's in federal science fellowships, it caused the elimination of one third of the constant dollar support for mathematics research. A succeeding decade of flat funding for mathematics largely escaped notice because mathematics was lumped together with computer science in federal data. Rapid growth in federal support for computer science masked the flat level of support for basic mathematics research.

RECOMMENDATION OF THE DAVID COMMITTEE

The David Committee made some conservative recommendations--even though calling for more than a doubling of federal support over a five-year period. The increases would come from a low base--from $80 million in 1984 (1984 dollars) to $180 million (1984 dollars) by 1989.

PROGRESS SINCE 1984

Federal support for mathematics research has shown a slight upward turn over the past few years. At the National Science Foundation, the levels of support for mathematics research rose from $45.6 million in fiscal year 1984 to $52.7 million in fiscal year 1985 -- a 15% increase.

Furthermore, NSF's fiscal year 1986 support for mathematics research remains at the appropriated level of $57.2 million, having been exempted from the Foundation's across-the-board cut imposed by Gramm-Rudman-Hollings.

At the Department of Defense, the increase for mathematics research from fiscal year 1984's support of $29.9 million to fiscal year 1985's support of $32.3 million was about 10 percent. The fiscal year 1986 appropriated level of funding was $42.4 million. A significant percent of the total was for a new mathematics program at the Defense Advanced Research Projects Agency (DARPA). Increases in support for mathematics research in the service agencies, however, have grown at a level below that recommended by the David Committee.

Furthermore, it appears that increases for mathematics research in DARPA and in the service agencies may suffer badly under the

Gramm-Rudman-Hollings budget cuts. It is unknown at this time how the Strategic Defense Initiative and the University Research Initiative will affect DOD's support for mathematics research.

The Joint Policy Board for Mathematics commends the Subcommittee on Defense for establishing the University Research Initiative program. It is unclear to what extent support for mathematics research will be helped by the this new initiative. Clear policy guidelines for the University Research Initiative are lacking. Also lacking is any plan for how the DOD intends to respond to the recommendations of the David Committee report.

> RECOMMENDATION: The Joint Policy Board for Mathematics recommends that the Subcommittee on Defense of the House Committee on Appropriations support and augment funding for mathematics research at the Department of Defense. Such action is necessary if the balance of federal support for mathematics research is to be restored, as recommended by the National Research Council. The support of research to create new mathematics is central to the nation's defense capability.
>
> RECOMMENDATION: The Joint Policy Board for Mathematics recommends that the Subcommittee on Defense of the House Committee on Appropriations--as part of its oversight responsibility--request the Department of Defense to submit to the Congress an annual report documenting the level and type of support for mathematics research within each of the service agencies and DARPA.
>
> This report would provide a basis for planning by the Subcommittee on Defense for the future support of mathematical research. The information could also be used to coordinate efforts with the National Science Foundation--the other major federal supporter of mathematical research.

Thank you for the opportunity to testify before the Subcommittee on Defense Appropriations. The Joint Policy Board for Mathematics would be pleased to provide additional and supporting data to the subcommittee.

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NSB-84-302

STATEMENT ON MATHEMATICAL SCIENCES AS ADOPTED BY THE EXECUTIVE COMMITTEE ON BEHALF OF THE NATIONAL SCIENCE BOARD AT ITS 84-10 MEETING ON DECEMBER 20, 1984

The National Science Board is concerned with the strengths of and balance among scientific and engineering disciplines, especially where a specific field, such as mathematical sciences, affects much of the scientific, engineering and technological enterprise of the nation.

The Ad Hoc Committee on Resources for Mathematical Sciences of the National Research Council and its Chairman, Dr. Edward E. David, Jr., are to be commended for their timely and compelling report, Renewing U.S. Mathematics - Critical Resources for the Future. This broadly-based group, including scientists and engineers, as well as mathematicians, representing both industry and academia, has documented requirements to keep mathematics research in balance with other fields. The very core of most science and engineering efforts is dependent on mathematics and owes many advancements to sophisticated application of the techniques of mathematicians.

The National Science Foundation has made important increases in support for graduate students and young researchers in mathematical sciences. Various other funding agencies have also increased funding. The National Science Board, therefore,

> RESOLVES, that a concerted effort should be made by all funding agencies to increase support for the mathematical sciences for several years until a proper level of sustaining support has been achieved.

TUESDAY, APRIL 29, 1986.

AMERICAN PSYCHIATRIC ASSOCIATION

WITNESS

AARON SATLOFF, M.D., AMERICAN PSYCHIATRIC ASSOCIATION

INTRODUCTION

Mr. CHAPPELL. Dr. Aaron Satloff, American Psychiatric Association.

STATEMENT OF DR. SATLOFF

Dr. SATLOFF. I will make an abbreviated statement and request that the full text of my remarks be included in the record.

My name is Dr. Aaron Satloff, Associate Professor of Psychiatry at the University of Rochester School of Medicine. I am also Vice Chairman of the American Psychiatric Association's Committee on the CHAMPUS Peer Review Program.

MEDICAL PEER REVIEW

The American Psychiatric Association, a medical specialty society representing over 32,000 psychiatrists nationwide, appreciates this opportunity to again testify before the committee in support of its ongoing cost-effective program of medical peer review, now covering both inpatient and outpatient psychiatric care delivered to CHAMPUS-eligible dependents.

Fully recognizing your Appropriations Committee's important role in balancing the needs of the nation's defense effort with the need for high quality health care for members of the armed services and their dependents, we can confidently testify today that since the advent of our psychiatric peer review partnership with CHAMPUS in 1974, mental health care costs have been effectively managed without compromising the availability of necessary treatment for CHAMPUS beneficiaries.

Your leadership in preserving this program of psychiatric peer review through committee report language in the fiscal year 1984 and 1985 DOD appropriation bills helped to pave the way for this successful peer review partnership.

At least two million children are now numbered among the dependent population. I am sure you know, Mr. Chairman, that in addition military children are known to encounter relatively more psychologic stresses than their civilian counterparts.

According to Dr. Richard Ridenour, Chief Advisor to the Navy in Psychiatry, "Pressures include frequent separations; regular relocations to different communities; subordination of family life to the dictum that 'the mission come first,' fears of loss due to death, injury or capture, and the feelings of isolation from those in civilian communities. Although the families of police officers, physicians or corporate executives may know one or two of these stresses, there may be no other major group that confronts all of them."

PARTNERSHIP WITH CHAMPUS

We appear before you today to state that the APA's peer review partnership with CHAMPUS—as presently constituted—does assure that proper clinical decisions are rendered at a time when medical intervention is critical. Failure to adequately diagnose and treat mental illness in this young population has been proven to have a significant negative life long impact on healthy development.

From the cost containment point of view, we feel you would be pleased to know that the data reveals that peer review resulted in recommendations that some 5,626 requested inpatient days not be allowed. While it is difficult to compute actual cost savings, we can make some estimations. If a day in a psychiatric bed cost on the average of $300 per day and the psychiatric care attendant to that hospital care cost on the average of $50 a day, we could say that peer reviewed "saved" the government $1,969,100 during calendar year 1985.

We should acknowledge that the 5,626 acute inpatient days not allowed in no way represent proposed abuse. The majority, if not all, of the patients concerned were in need of some treatment yet, given the tight criteria which we have established, reviewers concluded that continued care in an acute care hospital setting was not justified. When some level of care continued to be required by the patients, alternative arrangements were made.

At this time we feel it appropriate to clarify the oft-stated view that psychiatric care constitutes a higher percentage of the CHAMPUS budget than it does under other third-party payment programs. This is because the CHAMPUS beneficiary population with psychiatric disorders only receives care from the military hospital system "subject to the availability of space and facilities and to the capabilities of the medical and dental staff."

As you know, military hospitals do not have the staff or resources to provide comprehensive psychiatric services to the beneficiary population to the same degree that they have surgical, obstetrical or internal medicine resources.

Even the seriously mentally ill active duty member is usually discharged and referred to the Veterans Administration for long-term care.

Thus, while it appears a beneficiary has a choice between care in a military hospital at the expense of the military hospital budget or in a civilian hospital at the expense of CHAMPUS, the reality of the situation is that if he/she needs psychiatric care, it will necessarily be provided in the civilian hospital sector.

Thus, the rather low amounts spent on treatment of mental disorders by the military hospital system is not indicative of utilization or need, but rather of the system's limited resources. To determine the military health care delivery system's (CHAMPUS and military hospitals) actual costs of providing mental health services, one must combine the costs of both subsystems and then compare the results with other programs.

Thank you, Mr. Chairman for this opportunity to appear before your committee and we look forward to working with you in the continued development of a responsible psychiatric treatment benefit package, with protection of patient medical record confidentiality, for all CHAMPUS beneficiaries.

Mr. Chappell. Thank you very much for your testimony and for the very fine work which you do in your association.

[The statement of Dr. Satloff follows:]

American Psychiatric Association

1400 K Street, N.W., Washington, D.C. 20005 • Telephone: (202) 682-6000

STATEMENT

OF THE

AMERICAN PSYCHIATRIC ASSOCIATION

ON

CHAMPUS AND PSYCHIATRIC PEER REVIEW

PRESENTED BY

AARON SATLOFF, M.D.
VICE-CHAIRMAN, APA COMMITTEE ON THE CHAMPUS PEER REVIEW PROGRAM

BEFORE THE

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

APRIL 29, 1986

My name is Dr. Aaron Satloff, Associate Professor of Psychiatry at the University of Rochester School of Medicine. I am also Vice Chairman of the American Psychiatric Association's Committee on the CHAMPUS Peer Review Program. The American Psychiatric Association (APA), a medical specialty society representing over 32,000 psychiatrists nationwide, appreciates this opportunity to again testify before the Committee in support of its ongoing cost-effective program of medical peer review, now covering both inpatient and outpatient psychiatric care delivered to CHAMPUS-eligible dependents.

Fully recognizing your Appropriations Committee's important role in balancing the needs of the nation's defense effort with the need for high quality health care for members of the Armed Services and their dependents, we can confidently testify today that since the advent of our psychiatric peer review partnership with CHAMPUS in 1974, mental health care costs have been effectively managed without compromising the availability of necessary treatment for CHAMPUS beneficiaries. Your leadership in preserving this program of psychiatric peer review through Committee report language in the FY '84 and '85 D.O.D. Appropriation bills helped to pave the way for this successful peer review partnership.

Mr. Chairman, you may recall that our association initially opposed bill language in the FY '83 Department of Defense Appropriation Act which read:

> "None of the funds appropriated by this Act shall be available to pay claims for inpatient mental health services provided under the Civilian Health and Medical Program of the Uniformed Services in excess of sixty days per patient per year."

Immediately we became concerned over the likely negative impact of this sudden restriction in benefits for beneficiaries in inpatient treatment facilities and sought to work with both the House and Senate Subcommittees to develop necessary clarifying language. We were pleased that this language was amended to read that such limitation would not apply to inpatient mental health services

> "provided pursuant to a waiver for medical or psychological necessities, granted in accordance with findings of current peer review, as prescribed in guidelines established and promulgated by the Director, Office of the Civilian Health and Medical Program of the Uniformed Services."

We feel now, as then, that this "waiver" provision is needed to assure appropriate treatment.

Unfortunately, the authorizing committees in subsequent legislation (the FY '84 Department of Defense Authorization Act) codified this language with a major modification (developed without public hearing) authorizing waivers of the 60-day limitation only under

> "extraordinary medical or psychological circumstances that are confirmed by review by a non-Federal health professional pursuant to regulations prescribed by the Secretary of Defense."

Mr. Chairman, the APA continues to oppose this Section 931. We maintain that limitations of this nature results from grave misconceptions about the nature and treatment of mental illness. Moreover, such limitations stigmatize the mentally ill patient for as you know mental illness, like physical illness, strikes in a wholely random fashion. A large number of CHAMPUS patients requiring treatment beyond 60 days are psychotic while another large number are children and adolescents with severe emotional and behavioral disorders.

And, at this junction I ask that an Army Times story, about the issue of CHAMPUS' arbitrary hospitalization limit on mental illness, be included in the hearing record at the conclusion of my remarks.

At least two million children are now numbered among the dependent population. I am sure you know, Mr. Chairman, that in addition military having relatively more psychologic stresses than their civilian counterparts. According to Dr. Richard Ridenour, Chief Advisor to the Navy in Psychiatry,

> "Pressures include frequent separations; regular relocations to different communities; subordination of family life to the dictum that "the mission come first", fears of loss due to death, injury or capture, and the feelings of isolation from those in civilian communities. Although the families of police officers, physicians or corporate executives may know one or two of these stresses, there may be no other major group that confronts all of them."

As we have often stated before Congress there exists a need for professionally-acceptable waiver criteria and review by trained medical professionals. We appear before you today to state that the APA's peer review partnership with CHAMPUS -- as presently constituted -- does assure that proper clinical decisions are rendered at a time when medical intervention is critical. Failure to adequately diagnose and treat mental illness in this young population has been proven to have a significant negative lifelong impact on healthy development. Additionally, we maintain that review of a medical treatment plan outlining necessary treatment to a mentally ill beneficiary should be a representative medical judgment -- as is the case with the existing peer review program -- and not the one such as could be created by the "a non-Federal health professional" statutory provision. Nevertheless, we understand that the interest of expediting claims processing the CHAMPUS office continues to promote review by a single individual.

At this time, we wish to bring to the attention of Congress that in the context of processing waivers to the limitation on inpatient psychiatric treatment, it is imperative to maintain and protect the confidentiality of medical records. This is based on the critical differences between medical records accumulated in the general health care delivery system and the information which constitutes psychiatric or psychological treatment notes and on the unique nature of the psychotherapeutic situation. Mr. Chairman, the psychotherapeutic situation is unique and as such has been recognized in law. Successful medical psychotherapy requires the absolute guarantee of the confidentiality of patient/therapist communications. Confidential case notes, accumulated through the course of treatment, belong neither to the patient nor the providing institution. Rather, they are the property of the treating professional, serving solely as tools in the process of diagnosis and treatment. Confidentiality of the details of this clinical interchange is critical to the efficacy of psychiatric treatment and must be protected.

In a recent Massachusetts Supreme Judicial Court ruling, Commonwealth v. Kobrin, the Court held, in referring to those portions of the records which reflect patients' thoughts, feelings and impressions, or contain the substance of the psychotherapeutic dialogue, such need be protected and not be available even if it were needed to document fraud in a Medicaid case.

The recent data outlining the success of our peer review effort is a tribute to the role of the Appropriations Committee in assuring the professional involvement of psychiatrists in the waiver determination process. We want you to know that during calendar year 1985, despite an estimated 2,243 inpatient cases eligible for peer review CHAMPUS referred 279 cases to the APA for peer review of medical treatment. Significantly, in recent years we have found that many physicians will seek only a few days extension, as opposed to past years when reviewers routinely processed claims for 30 or more additional days. In fact, total number of days requested in 1985 was 10,425. The psychiatric reviewers then applied the CHAMPUS criteria (i.e., 1) the patient is a significant risk to self or a danger to others, or

2) the patient has medical complications and requires hospital care) and made one of several possible recommendations:

A) That the requested waiver be denied.

B) That the requested waiver be approved and the requested days be allowed.

C) That the requested waiver be approved, but that a lesser number of days be approved.

The 279 cases reviewed resulted in peer review recommendations that denied 5,626 or 54% of requested days and approved 4,799 or 46% of requested days. Had there been an absolute limitation of 60 days, without medical peer review, it is clear that many beneficiaries would have been faced with premature termination of their in-hospital benefits and accompanying treatment plans. With the waiver provision, however, some 4,799 days over the initial 60 days were recommended for CHAMPUS beneficiaries so that either essential treatment could be continued or appropriate alternative arrangements could be made.

From the cost containment point of view, we feel you would be pleased to know that the data reveals that peer review resulted in recommendations that some 5,626 requested inpatient days not be allowed. While it is difficult to compute actual cost savings, we can make some estimations. If a day in a psychiatric bed cost on the average of $300 per day and the psychiatric care attendant to that hospital care cost on the average of $50 a day we could say that peer review "saved" the Government $1,969,100 during calendar year 1985. That is, of course, an oversimplification, for many of the patients involved continued to receive psychiatric care in different settings. Many of the adolescents were placed in residential treatment programs. Others were continued in outpatient treatment and some who were chronic and permanently disabled were in all probability placed in nursing homes or state institutions where we would suspect that CHAMPUS continues to pay some part of the resultant costs but at a lower per diem rate.

We should acknowledge that the 5,626 acute inpatient days not allowed in no way represent proposed abuse. The majority, if not all, of the patients concerned were in need of some treatment yet, given the tight criteria which we have established, reviewers concluded that continued care in an acute care hospital setting was not justified. When some level of care continued to be required by the patients, alternative arrangements were made.

The ages of the patients whose care was subjected to peer review under the 60-day waiver provision is significant. They are as follows:

	Age of Patient under 5 years	Number of Requests for Waiver
	1 - 5	1
	5 - 10	16
	11 - 15	91
	16 - 20	78
	21 - 25	18
	26 - 30	11
	31 - 35	14
	36 - 40	8
	41 - 45	10
	46 - 50	11
	51 - 55	6
	56 - 60	11
	61 - 65	6
	over 65	1
TOTAL:		279

The distribution by sex of the patients was 167 female and 112 male. It is worth noting that 57 percent of the waiver requests involve individuals under the age of 21. The largest single group is the 11 - 15 age group verifying our concern three years ago that children and adolescents would be the most adversely affected population by the 60-day limitation absent an effective peer review system.

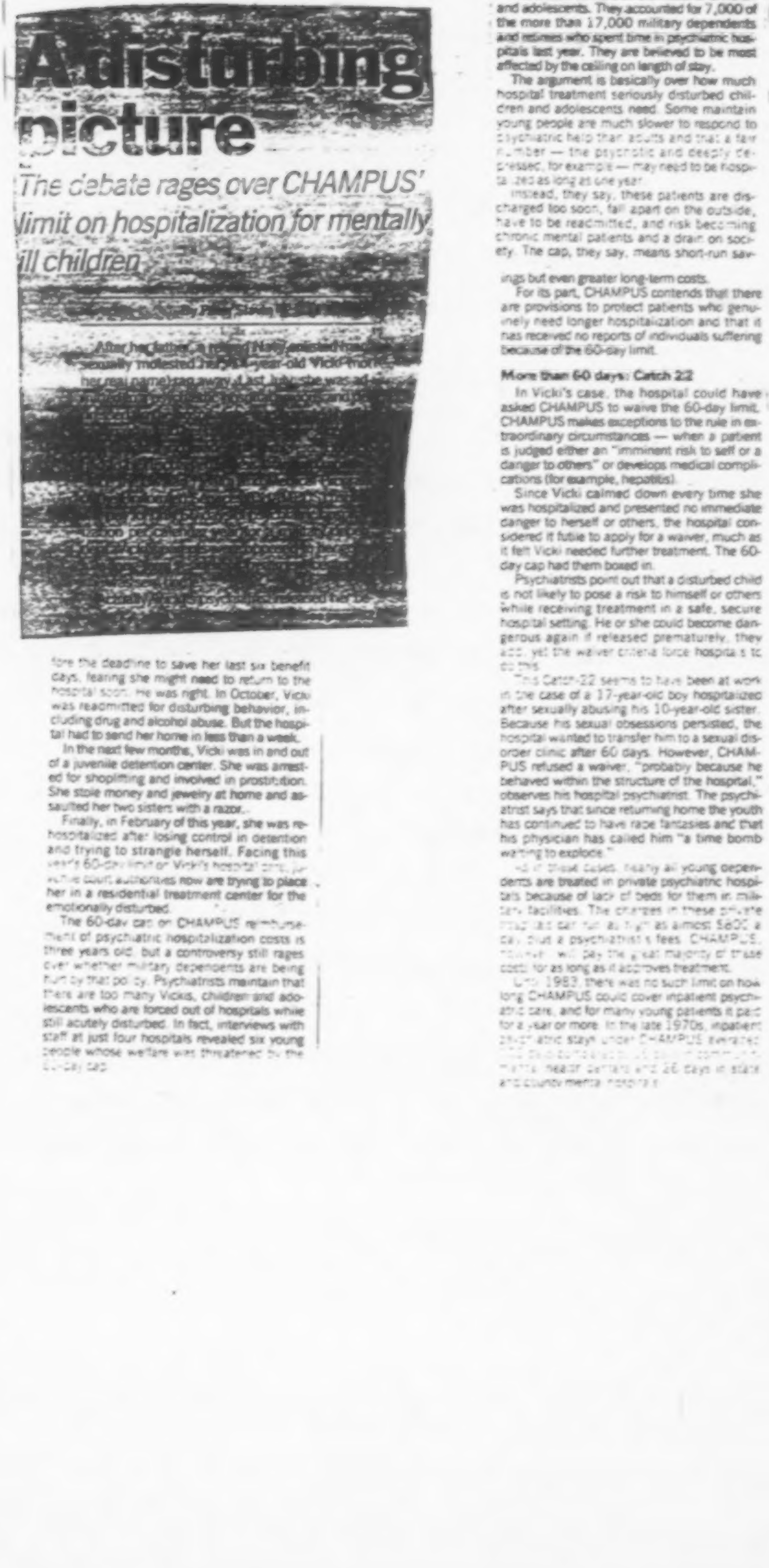
At this time we feel appropriate to clarify the oft-stated view that psychiatric care constitutes a higher percentage of the CHAMPUS budget than it does under other third-party payment programs. This is because the CHAMPUS beneficiary population with psychiatric disorders only receives care from the military hospital system "subject to the availability of space and facilities and to the capabilities of the medical and dental staff." (Section 1076, Title 10, U.S. Code). As you know, military hospitals do not have the staff or resources to provide comprehensive psychiatric services to the beneficiary population to the same degree that they have surgical, obstetrical or internal medicine resources. Even the seriously mentally ill active duty member is usually discharged and referred to the Veterans' Administration for long-term care. Thus, while a beneficiary has a choice between care in a military hospital at the expense of the military hospital budget or in a civilian hospital at the expense of CHAMPUS, the reality of the situation is that if he/she needs psychiatric care it will necessarily be provided in the civilian hospital sector.

Thus, the rather low amounts spent on treatment of mental disorders by the military hospital system is not indicative of utilization or need but rather of the system's limited resources. To determine the military health care delivery system's (CHAMPUS and military hospitals) actual costs of providing mental health services, one must combine the costs of both subsystems and then compare the results with other programs, e.g. Federal Employees Health Benefits Program.

We know that you are aware of the DOD's plans to seek bids on a proposal to restructure CHAMPUS' delivery system so that basic medical care is operated through a system of civilian contractor-operated "primary care gateways." This type of fixed-price concept is already being tested in the Norfolk, Virginia area for mental health care. While the proposal will require contractors to provide at least the benefits covered under the current CHAMPUS program, we urge the Appropriations Committees to exercise careful oversight authority to assure that cost-savings pressures do not necessitate a reduction in benefits. As you know, benefits for coverage of mental illness are often the first to be reduced or eliminated when insurance companies and third party payors operate under fiscal pressures created by fixed cost contracts.

We also continue to share this Committee's interest in the development of a partial hospitalization benefit in order to assure that those individuals who need greater supervision than can be provided in an outpatient setting, but who do not need the intensive 24 hour inpatient level of care, will have the necessary psychiatric services available to them. All too often our reviewers conclude that a patient no longer needs acute inpatient care and could continue to receive appropriate care in a partial hospital setting. We are concerned that CHAMPUS is moving too slowly in developing a partial hospitalization benefit and look to your leadership in moving CHAMPUS towards a more comprehensive benefit package.

Thank you, Mr. Chairman, for this opportunity to appear before your Committee and we look forward to working with you in the continued development of a responsible psychiatric treatment benefit package, with protection of patient medical record confidentiality, for all CHAMPUS beneficiaries.



A disturbing picture

The debate rages over CHAMPUS' limit on hospitalization for mentally ill children

[illegible]

After her father, a retired Navy enlisted man, sexually molested her, 14-year-old Vicki (not her real name) ran away. Last July she was ad- [illegible]

[illegible] psychiatrist released her before the deadline to save her last six benefit days, fearing she might need to return to the hospital soon. He was right. In October, Vicki was readmitted for disturbing behavior, including drug and alcohol abuse. But the hospital had to send her home in less than a week.

In the next few months, Vicki was in and out of a juvenile detention center. She was arrested for shoplifting and involved in prostitution. She stole money and jewelry at home and assaulted her two sisters with a razor.

Finally, in February of this year, she was rehospitalized after losing control in detention and trying to strangle herself. Facing this year's 60-day limit on Vicki's hospital care, juvenile court authorities now are trying to place her in a residential treatment center for the emotionally disturbed.

The 60-day cap on CHAMPUS reimbursement of psychiatric hospitalization costs is three years old, but a controversy still rages over whether military dependents are being hurt by that policy. Psychiatrists maintain that there are too many Vickis, children and adolescents who are forced out of hospitals while still acutely disturbed. In fact, interviews with staff at just four hospitals revealed six young people whose welfare was threatened by the 60-day cap.

The debate centers on the needs of children and adolescents. They accounted for 7,000 of the more than 17,000 military dependents and retirees who spent time in psychiatric hospitals last year. They are believed to be most affected by the ceiling on length of stay.

The argument is basically over how much hospital treatment seriously disturbed children and adolescents need. Some maintain young people are much slower to respond to psychiatric help than adults and that a fair number — the psychotic and deeply depressed, for example — may need to be hospitalized as long as one year.

Instead, they say, these patients are discharged too soon, fall apart on the outside, have to be readmitted, and risk becoming chronic mental patients and a drain on society. The cap, they say, means short-run savings but even greater long-term costs.

For its part, CHAMPUS contends that there are provisions to protect patients who genuinely need longer hospitalization and that it has received no reports of individuals suffering because of the 60-day limit.

More than 60 days: Catch 22

In Vicki's case, the hospital could have asked CHAMPUS to waive the 60-day limit. CHAMPUS makes exceptions to the rule in extraordinary circumstances — when a patient is judged either an "imminent risk to self or a danger to others" or develops medical complications (for example, hepatitis).

Since Vicki calmed down every time she was hospitalized and presented no immediate danger to herself or others, the hospital considered it futile to apply for a waiver, much as it felt Vicki needed further treatment. The 60-day cap had them boxed in.

Psychiatrists point out that a disturbed child is not likely to pose a risk to himself or others while receiving treatment in a safe, secure hospital setting. He or she could become dangerous again if released prematurely, they add, yet the waiver criteria force hospitals to do this.

This Catch-22 seems to have been at work in the case of a 17-year-old boy hospitalized after sexually abusing his 10-year-old sister. Because his sexual obsessions persisted, the hospital wanted to transfer him to a sexual disorder clinic after 60 days. However, CHAMPUS refused a waiver, "probably because he behaved within the structure of the hospital," observes his hospital psychiatrist. The psychiatrist says that since returning home the youth has continued to have rape fantasies and that his physician has called him "a time bomb waiting to explode."

As in these cases, nearly all young dependents are treated in private psychiatric hospitals because of lack of beds for them in military facilities. The charges in these private hospitals can run as high as almost $600 a day, plus a psychiatrist's fees. CHAMPUS, however, will pay the great majority of these costs for as long as it approves treatment.

Until 1983, there was no such limit on how long CHAMPUS could cover inpatient psychiatric care, and for many young patients it paid for a year or more. In the late 1970s, inpatient psychiatric stays under CHAMPUS averaged [illegible] in community mental health centers and 26 days in state and county mental hospitals.

Worried about CHAMPUS' ballooning mental health costs and aware that inpatient costs accounted for over 70 percent of those costs, Congress in 1982 imposed the 60-day cap on CHAMPUS, unless a waiver was granted.

The money-saving incentive for the cap was bolstered by the belief that long hospital stays are neither necessary nor advisable for many seriously mentally ill people. This school of thought holds that after a short inpatient stay, day treatment in a hospital or outpatient care is more appropriate for many patients, and that more seriously disturbed young people could be moved to residential treatment centers (RTCs).

In the first year, 1983, the cap saved an estimated $34 million — 18 percent of total inpatient mental health costs. CHAMPUS has no later figures. Much of the savings has come from success in shifting younger patients from hospitals to RTCs.

The cap continues to be opposed by the American Psychiatric Association and the American Academy of Child Psychiatry. On the other hand, the American Psychological Association has supported it.

Budget vs. good medical care?

The two sides see things very differently, and there are some bitter feelings between them. Psychiatrists and hospitals accuse the government of letting budgetary considerations override good medical care and of assuming psychiatrists are out to line their pockets by keeping patients hospitalized as long as possible.

CHAMPUS medical director Lt. Col. Melvin Kolb, D.O. (doctor of osteopathy), charges the hospitals with promoting "a lot of misinformation and hysteria."

The argument cannot be settled to both sides' satisfaction because both have only limited, anecdotal information about what happens to psychiatric patients discharged by the 60th day. No one has done a comprehensive survey.

One thing both sides agree on is that even with the 60-day limit, CHAMPUS is more generous about inpatient psychiatric coverage than most private insurance plans. Experts say most private insurance provides 30 to 45 days of such care, or the equivalent in dollars. Supporters of the cap also point out that CHAMPUS, unlike most private plans, pays for stays in RTCs as well as psychiatric hospitals.

But critics argue that the children of service members need greater mental health benefits because military families are subject to more stress than civilian families — constant relocations and the frequent absence of fathers on temporary duty or at sea, for example. Not all psychiatrists accept this proposition, however.

who need more than 60 days of inpatient treatment can be well served by RTCs, which CHAMPUS is free to fund long term. Critics, however, object to automatically using RTCs as a substitute for hospitalization.

"We shouldn't say, 'If your appeal fails, send him to an RTC,'" says Irving Philips, M.D., president of the American Academy of Child Psychiatry. "That's a hell of a criterion for an RTC. . . ." (For more on RTCs, see "Are residential treatment centers the answer?")

If an RTC is not appropriate for a seriously ill child, a state mental hospital might be a solution. But many state hospitals have a shortage of beds, and they may require a court order for admission. Furthermore, these days they tend to be short-term facilities.

Some psychiatrists also charge that the 60-day barrier compromises hospital treatment. "Sometimes I feel like a surgeon whose patient is brought in for an appendectomy . . . and when 45 minutes are up, somebody comes in and takes the scalpel out of my hands," says psychiatrist Joseph Novello of Washington's Psychiatric Institute.

Another complaint is that for many young people 60 days is only enough time for diagnosis rather than appropriate therapy. In fact, a hospital may be forced to decide where a patient goes next while still in the process of diagnosis and evaluation, says Martin Stein, M.D., medical director of Dominion Hospital in Falls Church, Va.

Others, like John Meeks, medical director of the Psychiatric Institute of Montgomery County, Md., believe the vast majority of young people can either be sent home within 60 days and treated in outpatient therapy or treated in an RTC.

Even Meeks, however, finds an arbitrary limit on the number of days of inpatient psychiatric care intolerable.

Supporters of the cap answer by pointing to waivers. There is no problem, they maintain, since extensions are available to young people who need more than 60 days of hospital care. But are they? Ultimately, the reasonableness of the 60-day limit hinges on this question.

Are waivers too hard to get?

CHAMPUS approved 24 percent of all waiver requests decided through 1985. The figures for children and adolescents are not known. Kolb says a great many waivers are denied because not all the required documents are submitted. In such situations, he says, "We try to call the hospital and specify what's needed." Figures show, he points out, that when requests are properly documented, about half are granted.

As Kolb describes it, CHAMPUS reviews waiver requests fairly, sensitively, and quickly. The length of an extension depends on the case and may be days, weeks or months, and a patient can even receive a second waiver. In ruling on waivers, CHAMPUS relies heavily on the recommendations of peer reviewers, usually psychiatrists provided by the American Psychiatric Association. A hospital may appeal the denial of a waiver up the ladder.

One thing critics object to is the narrow criteria for waivers, which Kolb defends as conforming to Congress' wishes. The critics maintain the standard of "imminent risk to self or danger to others" ignores other aspects of mental illness besides dangerousness.

They also say the phrase is interpreted by CHAMPUS to mean a child must be homicidal or suicidal to win an extension, ruling out the vast majority of patients. "Sometimes you say, 'Thank God the [patient] is talking suicide,' because that's the only way" to qualify, says Stein.

Psychiatrists complain most bitterly about how long it takes to get decisions on waivers. They say CHAMPUS promises to respond within 10 working days but frequently takes a month or longer, so that they are not notified until well past the 60th day. On the 60th day, they say, they have two choices: discharge the child without good planning or keep the child on the gamble that CHAMPUS eventually will approve the waiver and pay for the extra days.

Such delays also cause tremendous anxiety for families, psychiatrists report. Parents don't know if their child is staying in the hospital or leaving. They don't know if they are going to end up being charged thousands of dollars for the extra days if they let their child stay while awaiting a decision.

An Air Force sergeant faced just such a dilemma when his daughter attempted suicide a week before her 60th day. He and his wife decided not to extend her hospital stay and seek a waiver. "They told us there was no guarantee [of a waiver]," he explains. "We started thinking of the financial burden. We really did not want to take that chance."

Kolb counters that delays are usually the results of missing documents and that in an emergency his staff will give a hospital a provisional decision over the phone. Kolb says he has only one full-time and one half-time staff member working on waivers, but deadlines are met when a patient's complete file is sent.

But two of four hospitals contacted said they now rarely even apply for waivers because of all the problems. "It's an absurdly complex, laborious, bureaucratic system," says Meeks, whose hospital gave up seeking waivers in 1983.

"You can't fight the system, so you wind up screwing your patients," comments Stein of Dominion Hospital.

In fact, the total number of waivers requested has dropped 24 percent, from 1,505 the first year to 1,148 last year. Kolb, however, argues that this is because hospitals have simply learned what kind of cases do and don't qualify.

From one standpoint, almost all the arguments may be beside the point. As one psychiatrist agreed, when all is said and done, if a single young person is hurt by the 60-day cap, that alone may make it wrong.

Mr. CHAPPELL. Mr. Dicks?

Mr. DICKS. No questions.

Mr. CHAPPELL. Mr. Miller?

Mr. CLARENCE MILLER. No questions.

Mr. CHAPPELL. Dr. Satloff, thank you very much.

The committee will stand in recess until 1:30 this afternoon. We thank all of you for attending.

TUESDAY, APRIL 29, 1986.

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

WITNESS

JOHN ESPOSITO, LOCAL 1900, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

INTRODUCTION

Mr. CHAPPELL. The Committee will come to order. Our first witness this afternoon is Mr. John Esposito, Local 1900, American Federation of Government Employees.

We are happy to have you with us again.

STATEMENT OF MR. ESPOSITO

Mr. ESPOSITO. Thank you.

Gentlemen, I have appeared before this committee for seven years indicating my concerns regarding fiscal waste in DoD, fiscal waste, whose annual cost has increased dramatically each year from $27 million in 1979 to $320 million in 1985. This fiscal waste is part of the reason the much publicized Gramm-Rudman bill was passed attempting the return to fiscal sanity.

AGR PROGRAM

The fiscal waste I refer to is the Active Guard/Reserve or AGR program. OMB in its November 1985 CBO Study stated: "The pay and benefits (including retirement accruals) of the average person on active duty are projected to average $29,100 in fiscal year 1986. By contrast, the average pay rate for full-time military personnel (AGR) who assist the reserves is estimated to be $42,000. The difference results from the high average entry pay grade for AGR personnel joining the reserves."

The AGR program costs more as independent studies have proven; does not produce any increases in readiness as independent studies have proven; and jeopardizes the careers of Drilling Guardsmen and Reservists, the very people we as a Nation are depending upon as unit mobilization and combat assets as independent studies have proven.

CIVILIAN TECHNICANS

As you are aware, civilian technicians have borne the initial brunt of this fiscal insanity and managerial irresponsibility. Only the wisdom of this committee, through studies it has conducted, has prevented the decimation of civilian technicians which are truly cost effective and unit mobilization and combat assets.

The latest request by Army to destroy a program is the shifting of these valuable civilian technician assets from GS to Wage Grade for no other logical and practical reason other than to satisfy the wasteful and irresponsible whims, which have led us to this junction of mandated fiscal responsibility and soul-searching regarding the true readiness of our Reserve Forces.

There are, now, approximately 40,000 AGR personnel providing support to the Reserve Components many in the same areas that civilian technicians provided for some 30 years. This results in an additional cost of $320 million annually.

COST OF CONVERSION

By eliminating AGR personnel and replacing them on a one-for-one basis with civilian dual-status personnel, DoD's budget and the Nation's deficit can be reduced by $320 million annually or $1.5 billion over a five-year period.

Rather than pursue fiscal responsibility, Army would add to these abnormally high costs by doubling these same costs should this committee condone their latest proposal to allow the shifting of GS positions to WG.

To end the controversy on cost and to show the costs involved in shifting GS positions to WG, I have attached actual statements furnished by the Department of the Army not the Union, to two current AGR personnel in the grade of E6 and two GS civilian dual-status employees, GS–5 and GS–6 respectively.

To allow shifting of GS positions to WG as requested by the Department of the Army, would increase costs between $6,000 to $10,000 per position at the GS–5 and GS–6 levels and substantially higher when higher grade levels are replaced by AGRs, thus making any shifting of positions extremely cost prohibitive.

Furthermore, the Army continues to fail to comply with Congressional direction and its own regulations regarding double slotting, what should be termed Drilling Guardsmen/Reservists Career Jeopardy. If implemented, thousands of Drilling Guardsmen/Reservists would be removed from their authorized unit position resulting in the dead-ending of their careers.

Worse, the Nation will lose thousands of combat assets. In addition, I believe that the committee would be inundated with complaints.

Based on known facts: A, it is now significantly more costly to utilize military personnel than civilian technicians; B, civilian ceilings have been lifted, which previously prevented the hiring of civilians; C, newly hired civilian technicians must now be members of the Reserve units they service; D, additional AGRs will have a serious negative effect on Drilling Reservists.

There no longer exists one valid reason for utilization of military personnel rather than civilians to support the Reserve Components nor any reason to allow shifting of positions, and we urge your committee to take appropriate action to stop this impractical, unproductive, unworkable, cost prohibitive full-time military program and utilize the system which has proven itself for the past 40 years, that being the Civilian Technician Program.

Thank you.

Mr. CHAPPELL. Thank you very much for a very fine statement, as usual.

Mr. Dicks?

Mr. DICKS. I want to compliment the gentleman for his fine statement, and I know that he has attempted to present this case to the Congress, and I think he has done it in a very forceful and effective way.

Mr. **Chappell**. Thank you, Mr. Esposito.

[The statement of Mr. Esposito follows:]

LOCAL 1900
Serving Civilian Technicians
And Recruiting Commands
in
MAINE
MASSACHUSETTS
NEW HAMPSHIRE
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AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES
AFFILIATED WITH THE AFL-CIO

JOHN ESPOSITO
PRESIDENT

ROBERT M. PACHECO
EXECUTIVE VICE PRESIDENT

BARNES BUILDING — ROOM 215
495 SUMMER STREET, BOSTON, MA 02210
Telephone (617) 451-4872

STATEMENT

OF

JOHN M. ESPOSITO

CHAIRMAN OF THE NATIONAL COALITION
OF GUARD AND RESERVE CIVILIAN TECHNICIANS

BEFORE THE

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

ON

THE FULL-TIME SUPPORT PROGRAMS
(AGR AND CIVILIAN TECHNICIAN PROGRAM)
IN THE
ARMY RESERVE AND NATIONAL GUARD COMPONENTS

29 APRIL 1986

Mr. Chairman, distinguished members of the Committee, thank you, once again, for this opportunity to be heard on the subject of full-time support for the Reserve Components.

As Chairman of the AFGE Coalition of Guard and Reserve Civilian Technicians throughout the United States, I wish to address the waste involved in the AGR (Active Guard and Reserve) Program, and the negative affects of the program. I urge your Committee to oppose the Army's latest request to allow shifting of civilian positions from GS to WG and seek you support in future elimination of the AGR Program as it relates to providing full-time support to the Reserve Components.

My first appearance before your Committee dates back to hearings held addressing the 1980 budget, where I predicted that the AGR Program would cost the taxpayers a bundle and threaten the overall readiness of our Nations' defense. The facts presented since that date and today, we believe, truly show that my predictions with regard to cost have become, and with regard to readiness will become, a reality unless the AGR Program comes to an end.

In this era of belt tightening and fiscal restraints, America as a nation, and Americans as individuals, can no longer afford this expensive program, which produces no significant improvement in the readiness of our Reserve Forces. The waste in the AGR Program can be likened to the spare parts controversy ongoing in DOD. We are paying AGR's as if they were the $600.00 hammer, while paying civilian technicians as if they were the $2.50 hammer. Unlike the hammers, which are both capable of doing the same job, AGR's are severely limited in the duties they are allowed or required to perform, which means we are paying more for less.

An average civilian technician earns approximately $8,000 to $10,000 less per year than their AGR counterpart. Additionally, AGR's do not pay into their retirement system nor for health benefits (taxpayers do). Additionally, I wish to point out that as a result of insistence by the National Guard Bureau, that civilian technicians in the Guard be required to wear military uniforms while performing civilian duties, for no valid reason an additional cost of approximately $4 million dollars annually, has been placed on the taxpayers of this Nation.

There are, now, approximately 40,00 AGR personnel providing support to the Reserve Components many in the same areas that civilian technicians provided for some 30-years. This results in an additional cost of $320 million dollars annually. By eliminating AGR personnel and replacing them on an one for one basis with civilian dual-status personnel, DOD's budget and the Nation's deficit can be reduced by $320 million dollars annually or $1.5 billion dollars over a 5-year period.

To end the controversy on cost and to show the costs involved in shifting GS positions to WG, I have attached actual statements furnished to two current AGR personnel in the grade of E6 and two GS civilian dual-status employees, one in the grade of GS-5 and one in the grade of GS-6. I wish to emphasize that these are financial statements provided by the Department of the Army not the Union.

In the case of the GS-5, the AGR E6 makes $7,000 more annually and when adding indirect payments, this figure increases to over $10,000 more. In the case of the GS-6, the AGR E6 makes $6,000 more annually and when adding indirect payments, this figure increases to over $9,000 more. These figures clearly show the substantial difference in costs.

Due to the fact that the Army is now before your Committee requesting that you allow them to shift GS positions to WG and replace virtually all GS positions with AGR's, I wish to point out that the example I have given indicates cost differences at the lower level. The higher grades reflect greater cost differences clearly showing that any allowance of their requests would be extremely cost prohibitive.

Additionally, as a result of the existence of the AGR Program, the readiness posture of Reserve units will decrease in large numbers once the Army abides by its own regulations, which permit me to note, have been in effect since May 1, 1983 (copy attached) addressing double-slotting, but yet have failed to implement. The reason for their failure, is obvious. Once implemented, thousands of Drilling Reservists would be removed from their reserve positions and/or have their careers deadended. This Congress would be swamped with complaints and the AGR Program would be on the firing line.

In spite of the negative affects, as stated above, that AGR personnel cause on Drilling Reservists, the Army is still requesting to ramp up and further requesting to be allowed to shift GS positions to WG and replace them with AGR. Their position is obsured and extremely detrimental to our Reserve Forces.

I wish to point out at this time that altough the Army alleges that AGR's increase readiness, all reports to include the S&R Report (Staff and Investigative Report-House Appropriations Committee June 1983) and the latest GAO (General Accounting Office) Report ascertain that while additional people could count for increased readiness, there is no evidence that AGR's helped attain greater readiness than civilian technicians.

The findings of the S&R Report concur with the above statements regarding the danger to this Nation's citizen soldier. What the Army has done is increase the full-time support program by replacing civilians or adding additional personnel on a ratio of 2,3 and in many cases 4 to 1. Prior to the inception of the AGR Program, many single unit technicians were responsible for four (4) major areas of support; supply, personnel administration, training and finance. Today, these same major areas of responsibility, if performed by AGR personnel, due to the requirements of working AGR's in their specific job series, necessitate the hiring of normally three (3) AGR personnel.

Permit me to recap events which brought us to the situation that now exists and provide some factual comments on these events.

Sometime in April, 1976, the Defense Manpower Commission recommended to your Committee that civilian technicians be replaced by Reservists and Guardsmen serving on Active Duty (AGR's). They claimed that this approach would reduce high cost of the civilian wage grade technician and correct the status quo problem in the Army Reserves and also obtain a younger workforce. According to the Commission, a savings of more than $270 million dollars annually would be the result.

On June 21, 1978, your Committee recommended a test program be conducted. On June 20, 1980, your Committee directed termination of this test and reviewed its results.

The results clearly showed that:

A. Most of the AGR personnel hired at that time in the Army Reserve and National Guard were filling former GS civilian positions not the alleged high cost wage grade positions, due to the fact that the Army was unable to convert WG positions successfully.

B. Rather than a cost savings, the Program costs were approximately an additional $27 million dollars, annually.

C. Rather than attracting a younger workforce, in most cases the workforce was much older as indicated by DOD's own submission to this Committee in 1983/1984.

D. Major morale problems had occurred because of job security uncertainties. The placement of AGR's in key civilian positions had blocked the career progression of civilian technicians.

E. Of major significance, all AGR's brought aboard due to the fact that they were not members of the units to which they were assigned, were therefore, non-mobilization assets (double-slotting), and the alleged status quo problem had been increased by the number of AGR brought aboard approximately 4,500. AGR personnel still are not unit mobilization assets as these assets translated into unit combat members.

The Army's responses to the test and their actions were that they were for the most part unable to convert Wage Grade positions and used double-slotting to prevent displacement of Drilling Reservists. (These were clearly in violation of congressional intent). They further stated that the increase in costs were insignificant and were offset by the increase in readiness, although to date there are no facts that support this statement.

In 1981 and 1982, the Army, although no longer converting civilian positions, continued to bring AGR personnel aboard under another program called at that time Full-Time Manning. They alleged that their main reasons for this approach were due to civilian strength ceilings which prevented the hiring of additional civilians, and the need to increase the full-time support.

This resulted in the continuation of their double-slotting policy and significant program cost increases and the addition of full-time military positions many of which were high ranking and duplication of civilian positions currently in place. At the same time, they developed a 5-year program, which would completely phase out the Civilian Technician Program.

In DOD's Appropriations Bill FY1982, your Committee directed that all AGR's have a mobilization assignment with the units they support, and the double-slotting be stopped. In spite of this language and specific direction by your Committee during hearings held in May of 1982, double-slotting still exists according to GAO in almost every unit. Although AGR's are now slotted, Drilling Reservists remains overstrength.

In the DOD's Appropriations Bill FY1982, your Committee in spite of strong opposition, and opposition of civilian technicians, directed that each component establish their own mix of full-time personnel. Your instructions with regard to the Civilian Technician Program were clear in that you informed the departments that because of civilian strenght ceilings preventing the hiring of additional civilians, you would allow them flexiability, however, this was not to be intended to displace or negatively affect civilian technicians.

In spite of your direction, once again, the Components particularily the Army Reserve, attempted to change job descriptions and additionally abolish the senior level civilian technicians.

Once again, it was necessary for the Chairman of this Committee to take immediate action and additionally, for your Committee to write specific language in FY1983 to prevent elimination of the 43 Senior Administrative Assistants throughout the Reserve Components, and prevent the downgrading of many civilians in the Technician Program. It was further necessary for your Committee to write language specifically preventing the shifting of positions.

Due to the tremendous support of this Committee, the other body in 1984 removed civilian strength ceilings, which the Army claimed were preventing the hiring of civilian technicians and mandated the use of Full-Time Manning (AGR's).

Since that date, however, the Army continued to rapidly ramp up the AGR Program with no significant increase in civilian technician positions. The record shows that there are now approximately 40,000 AGR Personnel in support of Reserve Components.

Additionally, your Committee wrote language to correct the alleged status quo problem at the request of the Army, which mandated that all newly hired civilians after December 1, 1983 be members of the units they service. Now that all newly hired civilian technicians must be members of the units they service, the Army has, once again, changed their position and shifted direction to whereby they now desire to replace all troop program civilian positions with AGR personnel. They alleged that because of the difference between civilian and military, that both groups are unable to work together so they have decided that the civilian should be moved.

Based on known facts that:

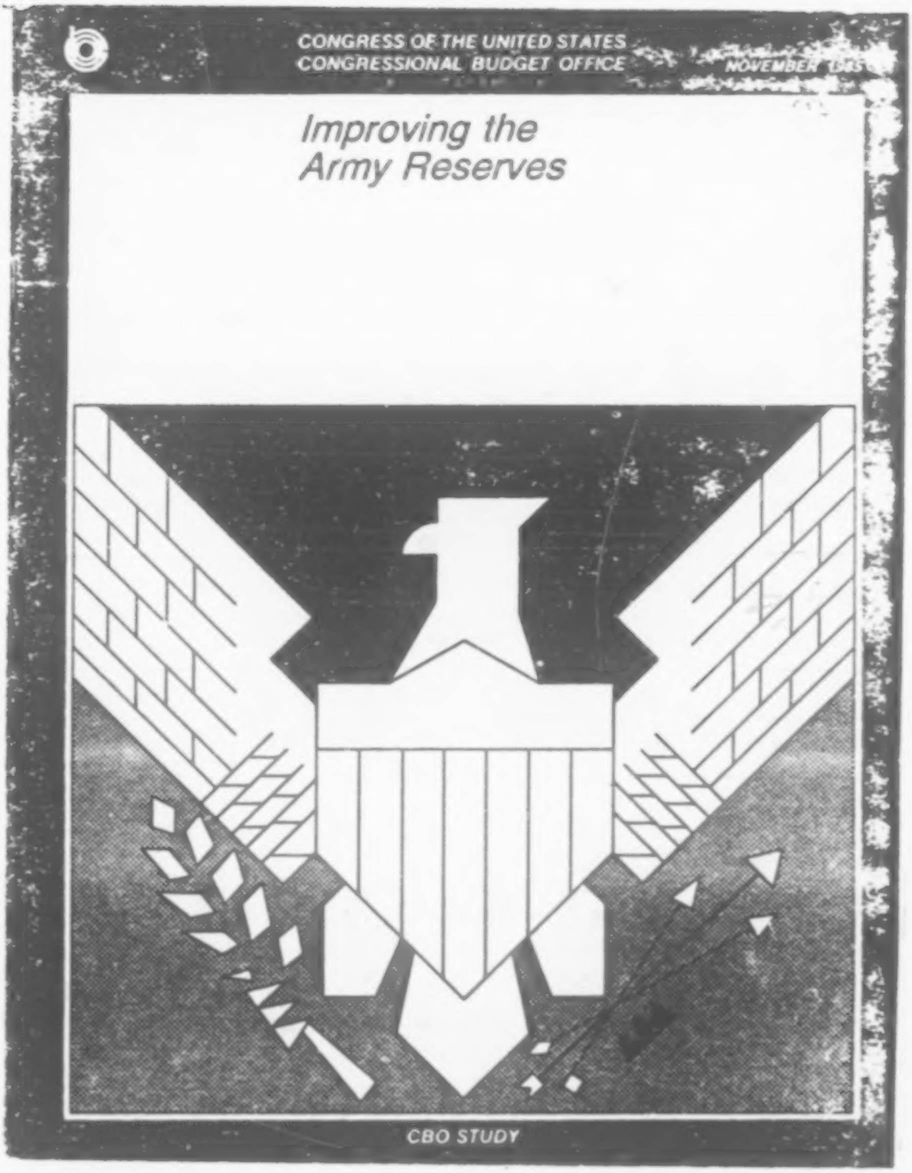
A. It is now significantly more costly to utilize military personnel than civilian technicians.

B. Civilian ceilings have been lifted which previously prevented the hiring of civilians.

C. Newly hired civilian technicians must now be members of the Reserve units they service.

D. Additional AGR's will have a serious negative affect on Drilling Reservists.

There is no longer exists one valid reason for utilization of military personnel rather than civilians to support the Reserve Components nor any reason to allow shifting of positions, and we urge your Committee to take appropriate action to stop this impractical, unproductive, unworkable, cost prohibitive full-time military program and utilize the system, which has proven itself for the past 40-years, that being the Civilian Technician Program.



CONGRESS OF THE UNITED STATES
CONGRESSIONAL BUDGET OFFICE

NOVEMBER 1985

Improving the Army Reserves

CBO STUDY

account. On the other hand, active military personnel assigned to the reserves are paid from the active military personnel account. Both O&M and active personnel costs are excluded from this study. The Army plans no significant changes, however, in these personnel categories during the next five years.

Full-Time Support Personnel. Under the Administration's plan, by far the largest increase in Army reserve manpower costs would be for full-time support (AGR) personnel. The annual costs of this category of personnel would rise by over $1.5 billion between 1986 and 1990. These personnel are generally more expensive than active-duty personnel because they have more military experience. The pay and benefits (including retirement accruals) of the average person on active duty are projected to average $29,100 in fiscal year 1986. By contrast, the average pay rate for full-time military personnel (AGR) who assist the reserves is estimated to be $42,000. The difference results from the higher average entry pay grade for AGR personnel joining the reserves.

TABLE 12. ESTIMATED COSTS OF ARMY SELECTED RESERVE PERSONNEL UNDER THE ADMINISTRATION'S PLAN: FISCAL YEARS 1985-1990
(In millions of fiscal year 1986 dollars)

Component	1985 a/ Estimated	1986 b/ Budget	1987	1988	1989	1990	Change in Costs 1986-1990
Personnel							
USAR							
Part-time	1,500	1,830	1,905	1,970	2,020	2,045	705
Full-time (AGR)	460	490	590	755	910	1,070	1,515
Total	2,260	2,320	2,495	2,725	2,930	3,115	2,265
ARNG							
Part-time	2,375	2,385	2,405	2,430	2,485	2,540	370
Full-time (AGR)	865	925	1,175	1,510	1,750	1,865	2,900
Total	3,240	3,310	3,580	3,940	4,235	4,405	3,270
All Army Selected Reserve							
Part-time	4,175	4,215	4,310	4,400	4,505	4,585	1,140
Full-time (AGR)	1,325	1,380	1,765	2,265	2,660	2,935	4,415
Total	5,500	5,630	6,075	6,665	7,165	7,520	5,555

SOURCE: Congressional Budget Office.

a. Adjusted for 3 percent pay raise, Oct 1, 1986.
b. Includes average reserve strength authorizations approved for fiscal year 1986.

These substantially higher costs raise the question of how many full-time support personnel are really needed. Today, to support reserve units, the Army has 66,500 full-time personnel (including AGR, civilian military technicians, and active personnel on temporary assignment). This represents 9.3 percent of the selected reserve personnel strength at the end of fiscal year 1985, up from 7.6 percent at the end of 1983. The Army's goal is a full-time force equal to 15 percent of the selected reserve strength.

Although significantly higher than in the past, the 15 percent goal is still below the goals of two of the other services' reserve manpower programs. The Naval Reserve Force plans to have 19 percent full-time support personnel at the end of fiscal year 1985, and the Air Force Reserve plans on 24 percent. The Marine Corps Reserve, whose mission is more like that of the Army reserve components, aims to have 15 percent. By these standards, the Army's plan appears quite reasonable.

Several factors may weigh against the 15 percent goal, however. There is no clear evidence indicating how reserve readiness would be affected by reaching the 15 percent goal. Moreover, the need for further increases may no longer be as urgent as it was before the full-time support program began to grow in 1980. The Army has already introduced full-time support into roundout and other critical units scheduled to be deployed early during a mobilization. It has also developed successful "affiliation" programs to increase opportunities for reserve units to train with active units. 3/ Under these programs, reserve units are associated with active-duty units whose personnel normally spend some time planning reserve training programs--thus functioning for limited periods as AGR personnel. Finally, two alternatives may offer the same improvements in unit readiness as adding full-time personnel, but at no additional cost: additional time spent at the National Training Center (the Army's warfare training center where large-scale combat operations may be conducted with assistance from active-duty personnel) or with active units participating in realistic exercises.

Part-Time Personnel. The second largest source of higher costs is the part-time selected reserve personnel themselves. The planned growth in numbers of reserves has been supported by the Congress. Indeed, the Congress has

---

3. Separating the effects of different approaches to improving reserve training will always be difficult. For example, early-deploying units are affiliated with their active divisions for training purposes and thereby receive higher priority for equipment and active-duty training support. But these units also have full-time AGR personnel. Determining which factor yields larger benefits, and at what cost, has not yet been addressed by analysts.

(4) Initial AGR Positions. Positions identified for fill will be loaded into the MOC window by FORSCOM. Personnel fill will be according to the procedures in AR 135-2 and the annual AGR accession ramp.

(5) Changes to Existing AGR Positions. These changes will be processed under AR 310-49. Since final approval authority is delegated to MUSARC and CONUSA, DA Forms 2028 will be sent to FORSCOM without justification, although any changes to the MUSARC headquarters must have justification to the CONUSA. DA Form 2028 must be received before FTS TDA update. Documentation on the MUSARC FTS TDA will be a prerequisite for position fill.

c. Troop Program Units.

(1) Troop program unit commanders will select all positions for fill within their command. The MUSARC commander will be the approving authority for positions selected at unit level. Positions selected for full-time fill will conform to FORSCOM guidance. The following positions are not eligible for fill by full-time personnel without approval of the FORSCOM Commanding General.

(a) Command positions.

(b) First sergeant positions.

(c) Command sergeant major positions.

(d) Any position below the grade of E-5.

(2) Troop program units will submit initial requirements and changes under policies and procedures established by the MUSARC headquarters. All positions selected for full-time fill must be on either a unit's MTOE/TDA or FTUS model. Exceptions will be for valid MTOE/TDA changes projected six months out.

8. POSITION DOCUMENTATION.

Positions will be documented by the CONUSA based on input from MUSARC. MUSARC FTS TDA will be sent through ITAADS AUTODIN to FORSCOM as required by standard FORSCOM procedures.

9. DOUBLE SLOTTING.

a. During the initial stages of FTUS, double slotting (i.e., assigning a drilling Reservist against the same position occupied by a FTUS soldier) was permitted. This practice proved to be wasteful in terms of personnel costs and a complicating factor within the unit chain of command. During FY 83 double slotting was eliminated. Changes to current FTUS positions and outyear growth of the program will require commanders to insure that two soldiers do not occupy the same MTOE or TDA position.

b. Effective 1 October 1983, commanders will take the following actions with the drilling Reservist whose position becomes encumbered by a FTUS soldier.

(1) Carry the Reservist in an excess status for no more than one year from the day the FTUS soldier reports for duty.

(2) Use one of the following options to remove the Reservist from the excess status:

(a) Move to a vacant unit position for which the soldier is otherwise qualified.

(b) Immediately cross-train for purpose of moving to another unit position.

(c) Transfer to another local RC unit.

(d) Transfer to the Individual Ready Reserve (IRR). At soldier's option this may include participation in the Individual Mobilization Augmentee program or attachment back to the unit on a retirement points earning basis.

(e) For units so authorized, carry in an authorized overstrength status.

(f) Take other actions that are consistent with accepted personnel management procedures.

ANNUAL COST COMPARISION

AGR vs CIVILIAN

CIVILIAN ANNUAL SALARY GS5/3	$15,350.
DRILLING RESERVIST PAY E6	+3,176.
	$18,526
AGR E6 ANNUAL EARNINGS	$25,142.
GS5 ANNUAL EARNINGS WITH RESERVE PAY	-18,526.
	$ 6,616.
ADDITIONAL ANNUAL BUDGET COST FOR AGR vs CIVILIAN	$ 6,616.
**PLUS INDIRECT COMPENSATION FOR AGR	+3,279.
	$ 9,895.

**INDIRECT COMPENSATION CONSISTS OF ALLOWANCES, RETIREMENT, MEDICAL CARE, DEATH & SURVIVOR PROGRAMS & SOCIAL SECURITY COVERAGE.

DEPARTMENT OF THE ARMY
U.S. ARMY FINANCE AND ACCOUNTING CENTER
INDIANAPOLIS, IN 46249

SUBJECT: PERSONAL STATEMENT OF MILITARY COMPENSATION 31 JANUARY 1986

[redacted] [redacted] SSC-EL AGR
8CJAA 5071

This statement is provided you at the direction of the US Congress, which has approved its format and contents. Although we are generally aware of our overall compensation, there is no one place where we can see it all together. Our annual W-2 Statement of Taxable Wages shows only basic pay, incentive pay and special pay. Neither our W-2 nor our Leave and Earning Statement (LES) shows the indirect compensation items that increase our spendable income. There are many possible ways to compute total compensation value; we have tried to show these values in a way that will mean the most to you.

SUMMARY:	Your annual direct pay as of 31 January, 1986	$ 25142.93	(Page 1)
	Added value of indirect compensation	$ 3279.50	(Page 2)
	SUBTOTAL	$ 28422.43	
	Additional consideration/programs (Your Estimate)	$	(Page 3)
	TOTAL COMPENSATION		

The added value shown is an estimate of the amounts you would have to pay each year for major entitlement programs if the Government did not provide them for you. The following information provides more details on the value of your personal compensation and a chance to add up the value of other programs available to you.

DIRECT COMPENSATION AS OF 31 JANUARY 1986 (Note 1)

A. MILITARY PAY. This term describes the basic elements of compensation paid to all military members. It includes Basic Pay, the value of living quarters or Basic Allowance for Quarters (BAQ), the value of meals furnished or Basic Allowance for Subsistence (BAS), the CONUS Variable Housing Allowance (VHA) and/or Overseas Station Housing Allowance (HA), and the amount of additional Federal tax you would have to pay if your quarters or BAQ, meals or BAS, CONUS VHA and/or overseas HA were taxed. Your Military Pay is:

		Monthly Rate	Annual Rate
BASIC PAY		$ 1185.30	14223.60
BAQ or quarters valued at BAQ rate	(Note 2)	348.00	4176.00
BAS or meals valued at BAS rate	(Note 2)	182.59	2149.85
VHA and/or HA		206.10	2473.20
Federal Tax Advantage SINGLE 00 EXEMPTIONS		$ 176.69	2120.28
TOTAL MILITARY PAY		$ 2058.68	25142.93

B. INCENTIVE AND SPECIAL PAY. This pay is in addition to Military Pay for people in certain skills and assignments. Not all members get this pay. Your monthly incentive and special pay is as follows:

TOTAL INCENTIVE AND SPECIAL PAY	$	
TOTAL DIRECT COMPENSATION	$ 2098.68	25142.93

Note 1: Pay items on your 31 January 1986 LES. Marital status and exemptions taken from your federal tax records. Annual rates for HA, COLA and enlisted BAS are for 365 days, not 12 times January 31 day rate.

Note 2: If BAQ or BAS was not in effect on 31 January, we assumed you recieved quarters or meals worth about as much as BAQ or BAS. If you received partial BAQ, we assumed that the partial BAQ and value of quarters together roughly equal full BAQ.

ADDITIONAL/INDIRECT COMPENSATION

Your direct compensation is supplemented by special allowance, retirement, health care, and other programs. These have a cash value to you in terms of spendable income. They are a real and important part of your compensation, and should be considered in adding up your real pay value.

	Monthly Rate	Annual Rate

A. ALLOWANCES. In addition to your Military Pay, certain special allowances may be authorized. These may include a cost of living allowance in certain overseas areas, family separation allowance, clothing replacement allowance, etc. These allowances are listed on your LES. (Note 1, page 1)

TOTAL ADDITIONAL ALLOWANCES ____ $ 10.80 $ 129.60

B. RETIREMENT. You can retire after 20 years of service and receive a monthly payment equal to 50% of your basic pay for the rest of your life. (For each year after 20, another 2.5% is added, up to a maximum of 75% at 30 years of service.) Civilians in Civil Service and many private companies have to pay into their retirement plan and most have to wait until age 55 or 65 to begin getting retired pay. These are current monthly retired pay amounts for typical retiring military people: E-6 (20 YOS) - $723.75; E-9 (26 YOS) - $1604.07. Under a plan like the Civil Service system, you would have to pay in up to 7% of your pay every month toward your retirement. Compared to this, your military retirement means monthly savings as follows:

7% X $ 1185.30 (basic pay) ____ $ 82.97 $ 995.64

C. MEDICAL CARE. The worth of your medical coverage depends on how much you use it. However, since your major medical needs are provided for, there is no need for you to carry medical insurance available to civilians ranging from no cost to all cost for the employee. In Civil Service, one plan that gives about the same medical coverage costs the employee $30.61 every two weeks for a single person and $66.13 for a family. Compared with Civil Service health care, the military health care system saves you $795 (single) or $1719 (family) each year (26 pay periods times $30.61 or $66.13) ____ $ 66.32 $ 795.86

D. DEATH AND SURVIVOR PROGRAMS. If you die on active duty your survivors are eligible for life insurance and other payments. You may buy life insurance up to $50,000 at a very low cost. Also, your dependents would receive a death gratuity ($3,000) and monthly Dependency and Indemnity Compensation (DIC) payments, ranging from $481 for an E-1 to $829 for an E-9. Past studies have shown that the average military member would have to pay about 2.4% of his or her basic pay in extra insurance costs to get the same coverage.

2.4% X $ 1185.30 (basic pay) ____ $ 28.45 $ 341.40

E. SOCIAL SECURITY COVERAGE. Military people are eligible for old age, retirement, and disability benefits on the same basis as civilians. The Government contributes to the member's Social Security Benefits. In 1986, this amounts to 7.15% of basic pay (maximum $3,003.00) ____ $ 84.75 $ 1017.00

INDIRECT COMPENSATION (A+B+C+D+E) ____ $ 273.29 $ 3279.50

DIRECT COMPENSATION (from page 1) ____ $ 2098.68 $ 25142.93

TOTAL ____ $ 2371.97 $ 28422.43

OTHER CONSIDERATIONS:

In adding up the total worth of your compensation package, you also need to consider the many other programs and privileges you have such as those shown on the next page. Their true worth will be different for each person, depending on use. You should think seriously about how much you may have saved by using these programs over the last year.

ADDITIONAL CONSIDERATIONS/PROGRAMS

Your Estimate
Of Annual
Value/Savings

JOB SECURITY. Steady income, pay raises each year, longevity increases, competitive promotion opportunities.

STATE/LOCAL TAX ADVANTAGES. Besides being exempt from Federal taxes, BAQ, BAS, VHA, overseas allowances, and in-kind food and housing are not subject to State or local income taxes. Depending on the tax laws of your place of legal residence, this can save you hundreds of dollars each year.

$

BONUS. A significant pay item for many military members (principally enlisted) is a bonus. If you received an enlistment or reenlistment bonus or, if applicable, an officer bonus (may be authorized for scientific/technical officers), you should include the amount in this section.

$

COMMISSARY. In commissaries you buy food at cost plus five percent. This is because each year Congress provides funds for employees' salaries, transportation and other costs. On the average, each dollar spent in the commissary means twenty-five cents in cost savings.

Commissary Monthly Purchase	Commissary Savings
$500	$125
400	100
300	75
200	50

$

EXCHANGES. Offer you savings in excess of 20% compared with prices in commercial stores -- more if sales tax is charged in off-post establishments. The 20% or greater savings is an average and will be more on some items and less on others. If you spend the following, your savings approximate:

Monthly Purchases	- - - - - Monthly Savings- - - - -		
	20% Rate	24% Rate	28% Rate
$200	$ 40	$ 48	$ 56
300	60	72	84
400	80	96	112

$

LEAVE AND HOLIDAYS. Military members are entitled to 30 days of leave a year (including Saturdays and Sundays) plus ten holidays. There is no limit on the number of sick days you may be authorized by medical authorities. Members receive full pay and allowances during all authorized absences.

$

RETIRED PAY INCREASES. To protect retired members' purchasing power, military retired pay is adjusted periodically, based on the increase in the Consumer Price Index (CPI).

$

SURVIVOR BENEFIT PLAN (SBP). Retirees can guarantee their dependents a share of their retired pay by signing up for the survivor benefit plan. The maximum annuity is equal to 55% of retired pay. Just as with retired pay, this annuity is adjusted periodically based on increase in the CPI. If you die on active duty and at the time of your death you have 20 or more years of service, your survivor will get an annuity equal to the difference between the dependency and indemnity compensation payment and the maximum SBP payment. This coverage while on active duty is at no cost to you.

$

EDUCATION PROGRAMS. Members in authorized off-duty education programs may have 75%-90% of their tuition paid by the government depending on grade and years of service. Members who entered service before 1977 can get up to 45 months of educational credits at about $432 per month. Members who established their Veteran's Educational Assistance Program (VEAP) account before 1 July 1985 may earn educational benefits worth up to $8100. In addition, some qualifying members receive a supplement to basic VEAP of up to $18,300. Members who entered service after 1 July 1985 may be eligible for the new GI Bill benefits of from $250 to $700 per month depending on conditions of enlistment. Members assigned overseas are provided space-required schooling for their dependents.

$

MORALE, WELFARE AND RECREATION (MWR) ACTIVITIES. Base theaters, bowling alleys, golf courses, hobby shops, child care centers, etc., offer services and entertainment at a much lower cost than most off-base facilities.

$

COUNSELING AND ASSISTANCE PROGRAMS. Military members can get free legal counseling and assistance, education services counseling, and may be provided personal financial management training where available. Emergency loans and grants may be provided by the Army Emergency Relief.

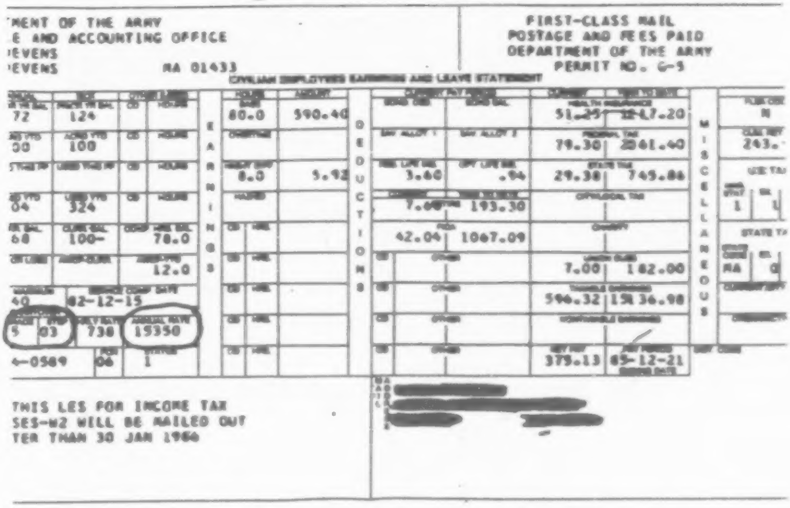
$

SPACE AVAILABLE TRAVEL. Members on leave may travel space-available on MAC aircraft. A $10 fee is charged for each trip outside the CONUS. This can provide substantial savings over commercial fares where MAC terminals are accessible.

$

(Add this amount to Summary Total on page 1) TOTAL $

Civilian PAY



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FIRST-CLASS MAIL
POSTAGE AND FEES PAID
DEPARTMENT OF THE ARMY
PERMIT NO. G-5

CIVILIAN EMPLOYEES EARNINGS AND LEAVE STATEMENT

72 124
00 100
04 324
68 100- 78.0
12.0
40 02-12-15
5 03 738 15350
4-0589 06 1

EARNINGS
80.0 590.40
8.0 5.92

DEDUCTIONS
3.60 .94
7.00 193.30
42.04 1067.09

51.25 1217.20
79.30 2061.40
29.38 745.86
7.00 182.00
596.32 15136.98
375.13 85-12-21

MISCELLANEOUS
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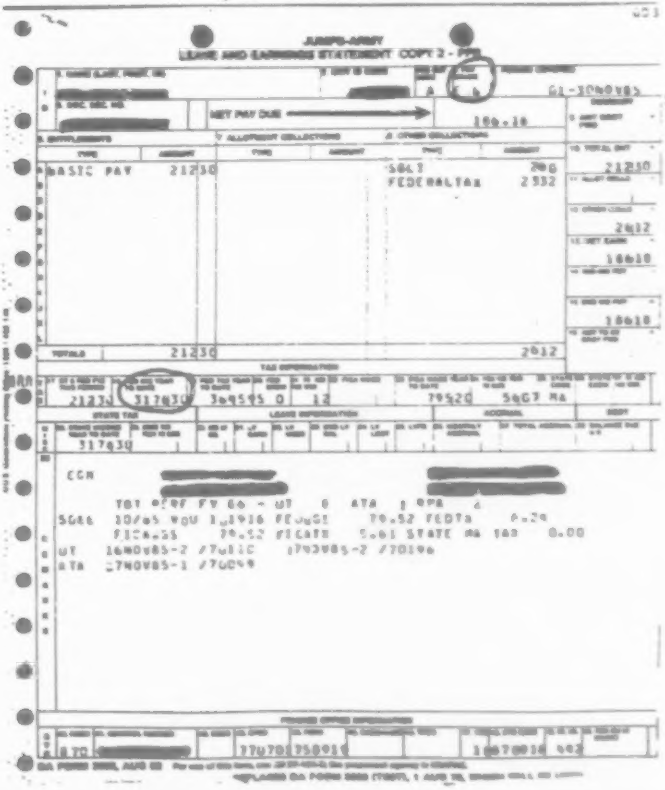
THIS LES FOR INCOME TAX
SES-W2 WILL BE MAILED OUT
TER THAN 30 JAN 1986

DRILLING Reserve PAY



JUMPS-ARMY
LEAVE AND EARNINGS STATEMENT COPY 2 -

[redacted] [redacted] A E 6 G1-3040V85

[redacted]

NET PAY DUE ──────────→ 186.18

BASIC PAY 21230

SGLI 280
FEDERALTAX 2332

TOTALS 21230 2612

21810
2612
18618
18618

TAX INFORMATION
21230 317830 369595 0 12 79520 5607 MA

STATE TAX
317830

LEAVE INFORMATION

ECN [redacted] [redacted]

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         TOT PERF FY 86 - UT    0   ATA   1 PPA    4
5G86   10/85 VOU 1,1916 FEDWGS      79.52 FEDTX      6.29
         FICA.55       79.52 FICATX    5.61 STATE MA TAX    0.00
UT     16NOV85-2 /70112    17NOV85-2 /70196
ATA    17NOV85-1 /70049
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FINANCE OFFICE INFORMATION

870 [redacted] 770701 750919 1 0870018 402

DA FORM 3685, AUG 82

ANNUAL COST COMPARISON

AGR vs CIVLIAN

CIVILIAN ANNUAL SALARY GS6/4	$17,645.
DRILLING RESERVIST PAY E6	+2,428.
	$20,073.
AGR E6 ANNUAL EARNINGS	$25,081.
GS6 ANNUAL EARNINGS WITH RESERVE PAY	-20,073.
	$ 5,008.
ADDITIONAL ANNUAL BUDGET COST FOR AGR vs CIVLIAN	$ 5,008.
**PLUS INDIRECT COMPENSATION FOR AGR	+4,274.
	$ 9,282.

**INDIRECT COMPENSATION CONSISTS OF ALLOWANCES, RETIREMENT, MEDICAL CARE, DEATH & SURVIVOR PROGRAMS & SOCIAL SECURITY COVERAGE.

DEPARTMENT OF THE ARMY
U.S. ARMY FINANCE AND ACCOUNTING CENTER
INDIANAPOLIS, IN 46249

SUBJECT: PERSONAL STATEMENT OF MILITARY COMPENSATION 31 JANUARY 1986

[redacted] AGR E-6

This statement is provided you at the direction of the US Congress, which has approved its format and contents. Although we are generally aware of our overall compensation, there is no one place where we can see it all together. Our annual W-2 Statement of Taxable Wages shows only basic pay, incentive pay and special pay. Neither our W-2 nor our Leave and Earning Statement (LES) shows the indirect compensation items that increase our spendable income. There are many possible ways to compute total compensation value; we have tried to show these values in a way that will mean the most to you.

SUMMARY:	Your annual direct pay as of 31 January, 1986	25081.13	(Page 1)
	Added value of indirect compensation	4274.42	(Page 2)
	SUBTOTAL	29355.55	
	Additional consideration/programs (Your Estimate)		(Page 3)
	TOTAL COMPENSATION		

The added value shown is an estimate of the amounts you would have to pay each year for major entitlement programs if the Government did not provide them for you. The following information provides more details on the value of your personal compensation and a chance to add up the value of other programs available to you.

DIRECT COMPENSATION AS OF 31 JANUARY 1986 (Note 1)

A. MILITARY PAY This term describes the basic elements of compensation paid to all military members. It includes Basic Pay, the value of living quarters or Basic Allowance for Quarters (BAQ), the value of meals furnished or Basic Allowance for Subsistence (BAS), the CONUS Variable Housing Allowance (VHA) and/or Overseas Station Housing Allowance (HA), and the amount of additional Federal tax you would have to pay if your quarters or BAQ, meals or BAS, CONUS VHA and/or overseas HA were taxed. Your Military Pay is:

		Monthly Rate	Annual Rate
BASIC PAY		$ 1228.50	14742.00
BAQ or quarters valued at BAQ rate	(Note 2)	348.00	4176.00
BAS or meals valued at BAS rate	(Note 2)	182.59	2149.85
VHA and/or HA		206.10	2473.20
Federal Tax Advantage MARRIED 02 EXEMPTIONS		$ 128.34	1540.08
TOTAL MILITARY PAY		$ 2093.53	25081.13

B. INCENTIVE AND SPECIAL PAY. This pay is in addition to Military Pay for people in certain skills and assignments. Not all members get this pay. Your monthly incentive and special pay is as follows:

TOTAL INCENTIVE AND SPECIAL PAY	$	
TOTAL DIRECT COMPENSATION	$ 2093.53	25081.13

Note 1: Pay items on your 31 January 1986 LES. Marital status and exemptions taken from your federal tax records. Annual rates for HA, COLA and enlisted BAS are for 365 days, not 12 times January 31 day rate.

Note 2: If BAQ or BAS was not in effect on 31 January, we assumed you recieved quarters or meals worth about as much as BAQ or BAS. If you received partial BAQ, we assumed that the partial BAQ and value of quarters together roughly equal full BAQ.

ADDITIONAL/INDIRECT COMPENSATION

Your direct compensation is supplemented by special allowance, retirement, health care, and other programs. These have a cash value to you in terms of spendable income. They are a real and important part of your compensation, and should be considered in adding up your real pay value.

	Monthly Rate	Annual Rate
A. ALLOWANCES. In addition to your Military Pay, certain special allowances may be authorized. These may include a cost of living allowance in certain overseas areas, family separation allowance, clothing replacement allowance, etc. These allowances are listed on your LES. (Note 1, page 1)		
TOTAL ADDITIONAL ALLOWANCES	$ 9.60	$ 115.20
B. RETIREMENT. You can retire after 20 years of service and receive a monthly payment equal to 50% of your basic pay for the rest of your life. (For each year after 20, another 2.5% is added, up to a maximum of 75% at 30 years of service.) Civilians in Civil Service and many private companies have to pay into their retirement plan and most have to wait until age 55 or 65 to begin getting retired pay. These are current monthly retired pay amounts for typical retiring military people: E-6 (20 YOS) - $723.75; E-9 (26 YOS) - $1604.07. Under a plan like the Civil Service system, you would have to pay in up to 7% of your pay every month toward your retirement. Compared to this, your military retirement means monthly savings as follows:		
7% X $ 1228.50 (basic pay)	$ 86.00	$ 1032.00
C. MEDICAL CARE. The worth of your medical coverage depends on how much you use it. However, since your major medical needs are provided for, there is no need for you to carry medical insurance available to civilians ranging from no cost to all cost for the employee. In Civil Service, one plan that gives about the same medical coverage costs the employee $30.61 every two weeks for a single person and $66.13 for a family. Compared with Civil Service health care, the military health care system saves you $795 (single) or $1719 (family) each year (26 pay periods times $30.61 or $66.13).	$ 143.28	$ 1719.38
D. DEATH AND SURVIVOR PROGRAMS. If you die on active duty your survivors are eligible for life insurance and other payments. You may buy life insurance up to $50,000 at a very low cost. Also, your dependents would receive a death gratuity ($3,000) and monthly Dependency and Indemnity Compensation (DIC) payments, ranging from $481 for an E-1 to $629 for an E-9. Past studies have shown that the average military member would have to pay about 2.4% of his or her basic pay in extra insurance costs to get the same coverage.		
2.4% X $ 1228.50 (basic pay)	$ 29.48	$ 353.76
E. SOCIAL SECURITY COVERAGE. Military people are eligible for old age, retirement, and disability benefits on the same basis as civilians. The Government contributes to the member's Social Security Benefits. In 1986, this amounts to 7.15% of basic pay (maximum $3,003.00)	$ 87.84	$ 1054.08
INDIRECT COMPENSATION (A+B+C+D+E)	$ 356.20	$ 4274.42
DIRECT COMPENSATION (from page 1)	$ 2093.53	$ 25081.13
TOTAL	$ 2449.73	$ 29355.55

OTHER CONSIDERATIONS:

In adding up the total worth of your compensation package, you also need to consider the many other programs and privileges you have such as those shown on the next page. Their true worth will be different for each person, depending on use. You should think seriously about how much you may have saved by using these programs over the last year.

ADDITIONAL CONSIDERATIONS/PROGRAMS

Your Estimate
Of Annual
Value/Savings

JOB SECURITY. Steady income, pay raises each year, longevity increases, competitive promotion opportunities.

STATE/LOCAL TAX ADVANTAGES. Besides being exempt from Federal taxes, BAQ, BAS, VHA, overseas allowances, and in-kind food and housing are not subject to State or local income taxes. Depending on the tax laws of your place of legal residence, this can save you hundreds of dollars each year.

$ ____________

BONUS. A significant pay item for many military members (principally enlisted) is a bonus. If you received an enlistment or reenlistment bonus or, if applicable, an officer bonus (may be authorized for scientific/technical officers), you should include the amount in this section.

$ ____________

COMMISSARY. In commissaries you buy food at cost plus five percent. This is because each year Congress provides funds for employees' salaries, transportation and other costs. On the average, each dollar spent in the commissary means twenty-five cents in cost savings.

Commissary Monthly Purchase	Commissary Savings
$500	$125
400	100
300	75
200	50

$ ____________

EXCHANGES. Offer you savings in excess of 20% compared with prices in commercial stores -- more if sales tax is charged in off-post establishments. The 20% or greater savings is an average and will be more on some items and less on others. If you spend the following, your savings approximate:

Monthly Purchases	- - - - - Monthly Savings - - - - -		
	20% Rate	24% Rate	28% Rate
$200	$ 40	$ 48	$ 56
300	60	72	84
400	80	96	112

$ ____________

LEAVE AND HOLIDAYS. Military members are entitled to 30 days of leave a year (including Saturdays and Sundays) plus ten holidays. There is no limit on the number of sick days you may be authorized by medical authorities. Members receive full pay and allowances during all authorized absences.

$ ____________

RETIRED PAY INCREASES. To protect retired members' purchasing power, military retired pay is adjusted periodically, based on the increase in the Consumer Price Index (CPI).

$ ____________

SURVIVOR BENEFIT PLAN (SBP). Retirees can guarantee their dependents a share of their retired pay by signing up for the survivor benefit plan. The maximum annuity is equal to 55% of retired pay. Just as with retired pay, this annuity is adjusted periodically based on increase in the CPI. If you die on active duty and at the time of your death you have 20 or more years of service, your survivor will get an annuity equal to the difference between the dependency and indemnity compensation payment and the maximum SBP payment. This coverage while on active duty is at no cost to you.

$ ____________

EDUCATION PROGRAMS. Members in authorized off-duty education programs may have 75%-90% of their tuition paid by the government depending on grade and years of service. Members who entered service before 1977 can get up to 45 months of educational credits at about $432 per month. Members who established their Veteran's Educational Assistance Program (VEAP) account before 1 July 1985 may earn educational benefits worth up to $8100. In addition, some qualifying members receive a supplement to basic VEAP of up to $18,300. Members who entered service after 1 July 1985 may be eligible for the new GI Bill benefits of from $250 to $700 per month depending on conditions of enlistment. Members assigned overseas are provided space-required schooling for their dependents.

$ ____________

MORALE, WELFARE AND RECREATION (MWR) ACTIVITIES. Base theaters, bowling alleys, golf courses, hobby shops, child care centers, etc., offer services and entertainment at a much lower cost than most off-base facilities.

$ ____________

COUNSELING AND ASSISTANCE PROGRAMS. Military members can get free legal counseling and assistance, education services counseling, and may be provided personal financial management training where available. Emergency loans and grants may be provided by the Army Emergency Relief.

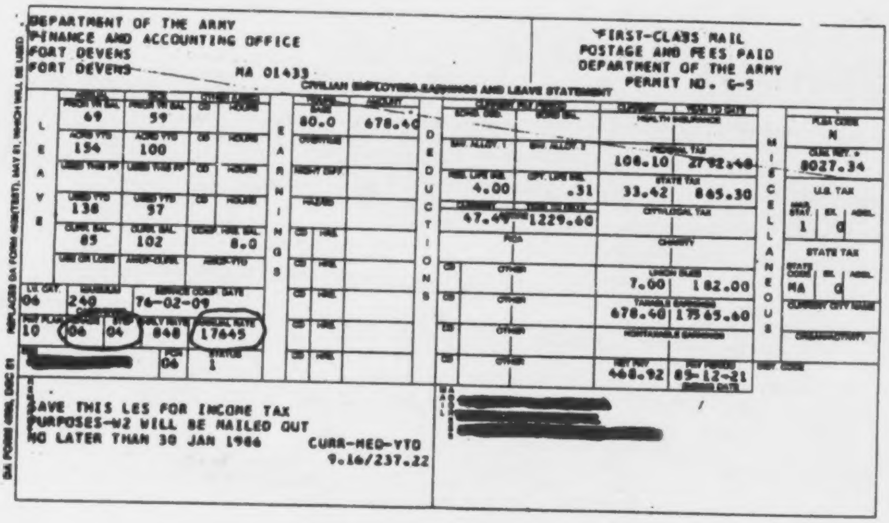
$ ____________

SPACE AVAILABLE TRAVEL. Members on leave may travel space-available on MAC aircraft. A $10 fee is charged for each trip outside the CONUS. This can provide substantial savings over commercial fares where MAC terminals are accessible.

$ ____________

(Add this amount to Summary Total on page 1) TOTAL $ ____________

Civilian PAY



DEPARTMENT OF THE ARMY
FINANCE AND ACCOUNTING OFFICE
FORT DEVENS
FORT DEVENS MA 01433

FIRST-CLASS MAIL
POSTAGE AND FEES PAID
DEPARTMENT OF THE ARMY
PERMIT NO. G-5

CIVILIAN EMPLOYEES EARNINGS AND LEAVE STATEMENT

LEAVE
69 59
154 100
138 97
85 102 8.0
06 240 76-02-09
10 06 04 848 17645
[redacted] 06 1

EARNINGS
80.0 678.40

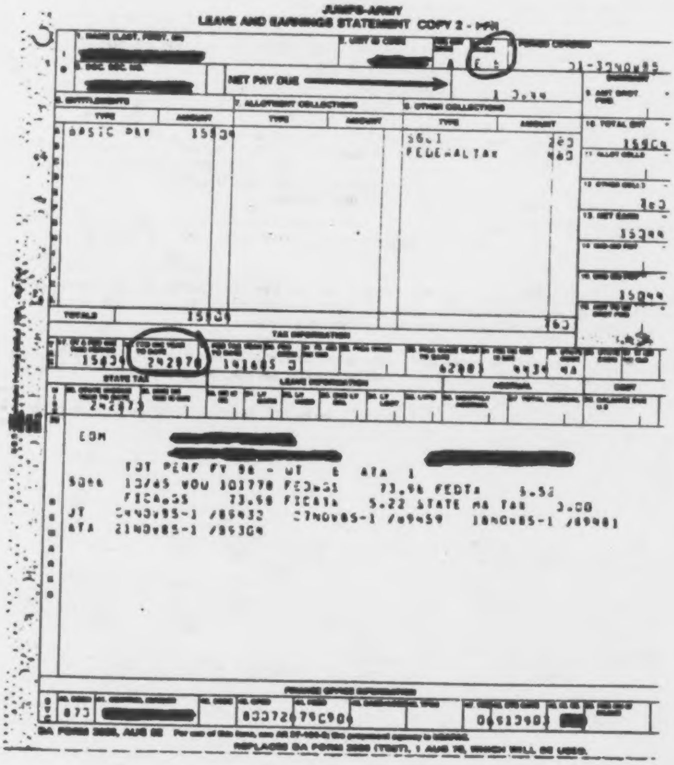
DEDUCTIONS
4.00 .31
47.49 1229.60
108.10 2792.40
33.42 865.30
7.00 182.00
678.40 17565.60
NET PAY 468.92 85-12-21

MISCELLANEOUS
N
8027.34
U.S. TAX
1 0
STATE TAX
MA 0

SAVE THIS LES FOR INCOME TAX
PURPOSES-W2 WILL BE MAILED OUT
NO LATER THAN 30 JAN 1986 CURR-MED-YTD
9.16/237.22

MAIL ADDRESS [redacted]

DRILLING RESERVIST Pay



JUMPS-ARMY
LEAVE AND EARNINGS STATEMENT COPY 2 - MBR

[redacted]
[redacted]
[redacted]
E 4
31-3290V85
NET PAY DUE
1 3.44

TYPE	AMOUNT	TYPE	AMOUNT	TYPE	AMOUNT
BASIC PAY	15534			SGLI	263
				FEDERALTAX	463
TOTALS	15534				163

15564
163
15344
15044

TAX INFORMATION
15434 242870 141685 3 62881 4434 MA

STATE TAX
242873

LEAVE INFORMATION

```
EOM [redacted]
    [redacted]                              [redacted]
         FJT PERF FY 96 - WT   E  ATA  1
SG44  13/45 VOU 101770 FED.GS    73.96 FEDTA    5.52
      FICA.SS     73.98 FICATA   5.22 STATE MA TAX   3.00
JT    24NOV85-1 /89432   27NOV85-1 /89459   18NOV85-1 /89481
ATA   21NOV85-1 /89364
```

873 [redacted] 833726 79C900 06612980 [redacted]

U.S. GENERAL ACCOUNTING OFFICE

Washington, D.C.

FOR RELEASE ON DELIVERY
Expected at 9:30 a.m.
Wednesday, May 1, 1985

STATEMENT OF

Mr. Henry W. Connor
Senior Associate Director (Army)
NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
ON

FULL-TIME MANNING IN THE ARMY'S RESERVE COMPONENTS

Extracted Paragraphs
From The Statement Of
Mr. Henry W. Conners
1 May 1985

Under the present civilian grade and pay structure, the all-civilian technician force would be a less costly alternative than an all-AGR force.

Civilian technician and AGR personnel are attempting to work together in many units. However, some underlying frictions exist because of pay and benefit disparities in the two systems. AGR personnel receive more pay and have better leave and medical benefits.

The overall impression in the field was that as a result of FTM, "units were better and that they could do more things, quicker." We recognize that a major factor in this perception is that there are more people available to accomplish the required tasks and that it cannot be attributed solely to the presence of AGR personnel.

TUESDAY, APRIL 29, 1986.

FULL-TIME MANNING

WITNESS

COLONEL MILTON BOGOLUB, UNITED STATES ARMY RESERVE

INTRODUCTION

Mr. CHAPPELL. Colonel Milton Bogolub, USAR.

STATEMENT OF COLONEL BOGOLUB

Colonel BOGOLUB. Mr. Chairman, I sincerely appreciate the opportunity to once again appear and to thank the members of the subcommittee for your concern and interest in Full-Time Manning.

On behalf of all Senior SSAAs in the country, I have been asked to express our sorrow in the death of Chairman Addabbo to whom we owe so much.

It is inconceivable that with today's Federal deficits that the Army totally ignores the requirement of law which directs DoD to use the least costly form of manpower that is consistent with military requirements. Despite the conclusive GAO findings that the AGR program is significantly more expensive than the Military Technician Program and does not in itself increase readiness, the Army not only desires to replace all Military Technicians at unit level, but also to replace all technicians in supervisory positions.

If permitted by Congress, they will immediately add hundreds of Senior AGR Officers and NCOs by manipulating job assignments and responsibilities of currently assigned technicians. This will result in immediate additional costs in the millions of dollars and a five-year cost estimated in the billions.

The Army has continued to defy Congressional direction concerning duplication, utilization, altering duties and shifting technician positions. While bringing to the attention of the Congress the now rapidly diminishing numbers of Status Quo Technicians they do not tell of the thousands of AGRs that are in nondeploying positions. AGRs can be found in units as over strength, at installations, at administrative centers and higher headquarters.

They also forget to say that Technicians are now required by law to be deployable members of the units they service, which is not the case with AGR personnel. It should be noted that this negates one of the principal GAO conclusions upon which their recommendations were based.

The other GAO conclusion, that there was friction between technicians and AGRs because AGRs received more money and benefits for doing the same job, is also invalid. While AGRs do receive more money and benefits, recommendations made at a meeting of all the Senior Reserve Generals just days earlier indicated they believed that AGRs and Military Technicians could work together.

By what rationale do we utilize the more expensive of two programs that do the same thing? Not a far cry from the well-publicized overpayments for spare parts, hammers and coffee pots.

The American taxpayer is being cheated when we deliberately remove the lower costing but more highly qualified and experienced technician from thousands of unit level positions and replace them with more expensive AGR personnel.

Because of the nature of the AGR program, it actually impedes readiness. It requires more people to do the same job, and in the process, seriously affects Reservist upward mobility and unit continuity—the very heart of reserve strength and readiness.

The committee is being misled when it is told there is a firm plan to replace technicians in units. Realistically, how can the Army reduce thousands of authorized technician spaces at unit level, and yet as they claim, not only maintain technician floors, but increase them?

In total defiance of law and Congressional report directives, the most current staffing guide promulgated by the Army already shows a reduction of key technician spaces and dictates a degradation of Military Technician supervisory responsibilities and positions.

Additional staffing guides and downgraded Military Technician job descriptions recently completed by FORSCOM are waiting to be disseminated. If the subcommittee removes the protective language from its reports, it will spell the end of a viable Military Technician program.

In 1983, five members of this subcommittee wrote to Chairman Addabbo: "From all of those who have followed the evolution over the past decade, it is clear that the driving force is FORSCOM. Reserve officers on tours of active duty have provided the impetus for the recommended program. Such a program will provide many more positions for such personnel to compete for, thereby enhancing their chances to achieve a 20-year active duty retirement." These words are as true today as they were then, and if possible, more so.

These same AGR officers who pour out the excessive AGR authorization documents and provide misleading information have totally isolated the Senior Military Technician from the Army leadership, thereby effectively preventing them from being heard within the Army. Yet these same people have totally failed in administering their own program.

Despite promises to the GAO to do better and correct the many deficiencies the GAO found in the AGR program last year, things have gone from bad to worse. On 11 April 1986, key AGR staff officers described the administration and control of the AGR program to be in a state of chaos.

When one considers the excessive cost, mismanagement and turbulance the AGR problem has brought to the Reserve over the past four years, it is clear that it must be terminated. If the Army desires additional spaces because of manpower constraints, then let them move all AGR authorizations to higher headquarters, installations, ARPERCEN or wherever they may desire, but remove them from, and prohibit any further assignments to, reserve units.

It is recommended that the Army Reserve use the Air Force Reserve, the most ready of the Reserve force, as an example.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you may have.

Mr. CHAPPELL. Thank you, sir.

[The statement of Colonel Bogolub follows:]

SUMMARY STATEMENT

MILTON BOGOLUB
COLONEL, FIELD ARTILLERY, USAR

SUPERVISORY STAFF ADMINISTRATIVE ASSISTANT
78TH DIVISION (TRAINING)

BEFORE

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

99TH CONGRESS

APRIL 29, 1986

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS
COMMITTEE

Mr. Chairman, I sincerely appreciate the opportunity to once again appear and to thank the members of the subcommittee for your concern and interest in Full Time Manning. On behalf of all Senior SSAAs in the country, I have been asked to express our sorrow in the death of Chairman Addabbo to whom we all owe so much.

It is inconceivable that with todays Federal deficits that the Army totally ignores the requirement of law which directs DOD to use the least costly form of manpower that is consistant with military requirements. Despite the conclusive GAO findings that the AGR Program is significantly more expensive than the Military Technician Program and does not in itself increase readiness, the Army not only desires to replace all Military Technicians at unit level, but also to replace all technicians in supervisory positions. If permitted by Congress they will immediately add hundreds of Senior AGR Officers and NCOs by manipulating job assignments and responsiblities of currently assigned technicians. This will result in immediate additional costs in the millions of dollars and a five year cost estimated in the billions.

The Army has continued to defy Congressional direction concerning duplication, utilization, altering duties and shifting technician positions. While bringing to the attention of the Congress the now rapidly diminishing numbers of Status Quo Technicians (that they helped create by their own regulations), [redacted] they do not tell of the thousands of AGR's that are in non-deploying positions. AGR's can be found in units as over strength, at installations, at administrative centers and higher headquarters. They also forget to say that Technicians are now required by law to be deployable members of the units they service, which is not the case with AGR personnel. It should be noted that this negates one of the principle GAO conclusions upon which their recommendations were based. The other GAO conclusion, that there was friction between technicians and AGR's because AGR's received more money and benefits for doing the same job, is also invalid. While AGR's do receive more money and benefits, recommendations made at a meeting of all the Senior Reserve Generals just days earlier, indicated they believed that AGR's and Military Technicians could work together. By what rationale do we utilize the more expensive of two programs that do the same thing? Not a far cry from the well publicized over-payments for spare parts, hammers and coffee pots.

The American taxpayer is being cheated when we deliberately remove the lower costing but more highly qualified and experienced technician from thousands of unit level positions and replace them with more expensive AGR personnel. Because of the nature of the AGR program it actually impedes readiness. It requires more people to do the same job, and in the process, seriously effects Reservist upward mobility and unit continuity; the very heart of reserve strength and readiness.

The Committee is being mislead when it is told there is a firm plan to replace technicians in units. Realistically, how can the Army reduce thousands of authorized Technician spaces at unit level, and yet as they claim, not only maintain technician floors, but increase them. In total defiance of law and Congressional Report Directives, the most current staffing guide promulgated by the Army already shows a reduction of key Technician spaces and dictates a degradation of Military Technician supervisory responsibilities and positions. (Please see Incl 1) Additional staffing guides and downgraded Military Technicians job descriptions recently completed by FORSCOM are waiting to be disseminated. If the subcommittee removes the protective language from its reports it will spell the end of a viable Military Technician Program.

In 1983 five members of this subcommittee wrote to Chairman Addabbo. " From all of those who have followed the evolution over the past decade, it is clear that the driving force is FORSCOM. Reserve officers on tours of active duty have provided the impetus for the recommended program. Such a program will provide many more positions for such personnel to compete for thereby enhancing their chances to achieve a twenty year active duty retirement." These words are as true today as they were then, and if possible more so. These same AGR officers who pour out the excessive AGR authorization documents and provide misleading information, have totally isolated the Senior Military Technician from the Army leadership, thereby effectively preventing them from being heard within the Army. Yet these same people have totally failed in administering their own program. Despite promises to the GAO to do better and correct the many deficiencies the GAO found in the AGR Program last year, things have gone from bad to worse. On 11 April 1986, key AGR staff officers described the administration and control of the AGR program to be in a state of chaos. When one considers the excessive cost, mismanagement and turbulance the AGR problem has brought to the Reserve over the past four years, it is clear that it must be terminated. If the Army desires additional spaces because of manpower constraints then let them move all AGR authorizations to higher headquarters, installations, ARPERCEN or wherever they may desire, but remove them from, and prohibit any further assignments to, reserve units. It is recommended that the Army Reserve use the Air Force Reserve, the most ready of the Reserve force as an example. Mr. Chairman this concludes my statement I will be pleased to answer any questions you may have.

STAFFING GUIDE
Tng Div (FTS TDA Sequencing)

POSITION	GRADE	MOS	MIL TECH/CIV COUNTERPART
COMMAND SECTION			
SRAA	06		
Secy/Steno	E6	71C	Secretary
CofS			
Dep CofS	05		SSAA
Secy Gen Stf	04	11X	Secretary
G-1 SECTION			
Asst G-1	04	41A	Mil Pers Off
Pers Tech	WO	711A	Pers Tech
Pers Mgt Supv	E9	75150	Pers Tech
Admin Sp	E5	71L20	Clk Typ
G-3			
Asst G3	04		STA
Ops Tng Off	03	11X	STS
Ops SGT	E8	11B/192	STS
Ops Sgt	E7	11B/19E	STS
Admin Sp	E5	71L	Clk Typ
G-4			
Asst G-4	04	92B	Stf Log Sp
Div Maint Off	03	91A	Equip Sp
Supply Off	03	92B	Sup Tech
Supply Tech	WO	761A	Sup Tech
Food Svc Tech	WO	041A0	Food Svc Sp
Ch Supply Sgt	E8	76Z50	Sup Tech
Mtr SGT	E7	63B40	Equip Sp
Supply SGT	E7	76Y40	Sup Tech
Admin Sp	E5	71L20	Clk Typ
RESOURCE MGT/COMPTROLLER			
Budget Off	03	45B	Budget Anal
Fin Ops Sgt	E8	73Z	Budget Anal/Acct
Acct Sp	E6	73D	Stat Clk/Acct Clk
Pay Sec Ch-Fin Svc NCO	E6	73C	Mil Pay Sp
ADP/Admin Sp	E5	71L	Stat Clk/Data Entry Clk
ENGR			
Engr Plans Off	04	23A00	Engr Tech
IMO			
IMO	04	53A00	
INTERNAL REVIEW			
IR	03	45A	Auditor

INCLOSURE 1

STAFFING GUIDE
Tng Div (FTS TDA Sequencing)

POSITION	GRADE	MOS	MIL TECH/CIV COUNTERPART
IG			
IG	05	11X	
Asst IG	04	11X	
IG NCO	E7	*	
Ch Admin Sp	E5	71L	
ADJ GEN			
Mil Pers Off	03	42A	Mil Pers Off
Pers Sgt	E8	75Z50	Mil Pers Tech
Admin Supv	E8	71L50	Mil Pers Tech
Pers Rec Supv	E7	75Z40	Mil Pers Tech
ADmin Supv	E6	71L30	Mil Pers Tech
Pers Acct Supv	E6	75E30	Mil Pers Tech
Admin Sp	E5	71L20	Mil Pers Clk
Pers Rec Sp	E5	75D20	Mil Pers Clk
Pers Info Sys Anal	E5	75F20	Stat Clk
Admin Sp	E5	71L20	Stat Clk
PAO			
PAO	04/03	46A	Info Spec
HQ Co			
Supply Sgt	E6	76Y30	UA
Unit Clk	E5	75B20	Clk Typ/Ast
STRENGTH MGT/RR OFF			
R/R Officer	04	41B	
Amd Reenl NCO	E9	79D	
Ret/Reenl NCO	E8	79D	
Ret/Reenl NCO	E7	79D	
Pers Sgt Ruvs	E7	75Z	
Admin Sp Ret	E5	71L	
Clk Typ	E4	711	
MUSARC Trf Agent	E5	75C	
TNG GP CMD			
Tng Gp S-1 Sect			
Pers Stf NCO	E7	75Z40	Pers Tech
Admin Sp	E5	71L20	Pers Clk/Ast
Tng Gp S2/S3 Sect			
S2/S3 Off	04	11X	SAS
Ops NCO	E8	11B	STA
Tng Sgt	E7	*	STA
Admin Sp	E5	71L	Clk Typ/Ast

STAFFING GUIDE.
Tng Div (FTS TDA Sequencing)

POSITION	GRADE	MOS	MIL TECH/CIV COUNTERPARTS
TNG GP S-4 SEC			
Supply Tech	WO	761A0	Sup Tech
TNG GP HHC			
Ops NCO	E7	11B40	UA
Supply SGT	E6	76Y30	Sup Tech
Admin Sp	E5	71L20	Clk Typ
LEADERSHIP ACADEMY			
Ch Tng NCO	E8	11B	STA
Sr Instr	E7	11B	STA
Unit Clk	E5	75B	UUA
LOG GRP CMD SECT			
Ops Sgt	E8	*	STA
PSNCO	E7	75Z40	Pers Tech
Sup Sgt	E7	76Y40	Sup Tech
Mtr/Recov Sec Sgt	E7	63B40	UA
Unit Clk	E5	75B20	UA
BRIGADE HHD			
COMD Sect (HQ CO)			
Admin Sp	E5	71L20	UA
S-1			
Admin Supv	E7	71L40	Pers Tech
Admin Sp	E5	71L20	Pers Clk
S2/S3 SEC			
Asst S2/S3	03	11X/12X	STA
Ops/Tng Sgt	E8	*	SAS
Admin Sp	E5	71L20	UA
S-4 SECT			
Unit Sup Tech	WO	761A0	Sup Tech
Asst Sup Sgt	E7	76Y40	Sup Tech
BATTALION			
HQ			
Ops Sgt	E8	*	
PAC Supv	E7	75Z40	UA
Supply Sgt	E7	76Y40	Sup Tech
Admin Sp	E5	71L20	Clk Typ/Sec/Ast

STATEMENT

MILTON BOGOLUB
COLONEL, FIELD ARTILLERY, USAR

SUPERVISORY STAFF ADMINISTRATIVE ASSISTANT
78TH DIVISION (TRAINING)

BEFORE

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

99TH CONGRESS

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COMMITTEE

Mr. Chairman, I sincerely appreciate the opportunity to once again appear and to thank you and the members of the Subcommittee for your concern and interest in Full Time Manning for the Army Reserve. On behalf of all Senior SSAA's in the country, I have been asked to express our sorrow in the death of Chairman Addabbo to whom we owe so much.

The Second Annual Army Reserve General Officer Conference, was conducted in March of 1985. This conference was attended by almost every General Officer in the Army Reserve. In paragraph 1 of his cover letter to the Report of Conference Findings, dated 3 March 1985, Major General William Berkman, Chief, Army Reserve, wrote, "Thank you for your attendance at this year's conference. This packet contains recommendations from The Workshop Sessions. It represents the collective wisdom and views of the senior Army Reserve leaders in attendance concerning significant issues facing the total Army today. (Incidentally, you aggragate over 1800 years of citizen soldier experience.) I value and respect your views." It must be noted that the recommendations of these senior Reserve officers pertaining to Full Time Manning were not in agreement with the recommendations made to this Subcommittee by the GAO. A copy of the complete letter and conference recommendations concerning AGR/FTS is at Enclosure 1. The General Officers recommended that Military Technicians be retained in Troop Program (deployable) units since they provide continuity and institutional memory. They also recommended that the person in charge should be the best qualified. This in keeping with the knowledge that no real problem exists when there is a mix of AGR's and Technicians when the intent of Congress concerning supervisory duties of Senior Technicians is adhered to. How then did the GAO ever come to their conclusions? The GAO obviously did not rely on the collective wisdom of the senior Army Reserve leaders, nor did they consult with them or the Senior Technicians who represented the Senior Commanders. It is not hard to determine who they talked to and at what level. It is obvious that the inquiry on which their recommendations are based was with the very people who are known advocates of the AGR program, and junior Reserve and National Guard personnel who did not have the wisdom, experience or background to fully understand the ramifications of the inquiry. In fact, during a visit with the GAO in December of 1984, A Department of the Army representative sat in on all conversations. The information I received from this visit was extremely disturbing in that it was evident that, regardless of what might be presented at that time, the GAO's mind was made up. I was told that there were significant differences in cost between Military Technician's and AGR's. I was also told that the Subcommittee Staff was informed that we could get twice as many Military Technicians for the same money we would pay for AGR's. In addition, it was acertained that while additional people could account for higher readiness, there was no evidence that AGR's helped attain greater readiness than Military Technicians (MT's). One might feel that this would constitute the last of the AGR program, especially in these days of a burgeoning public debt. However, I was amazed that, despite the excessive cost and no proven increase in readiness, a recommendation that the AGR program be continued and that the Military Technicians be phased out would be made. The reasons given were the mismanagement of the Technician program over the years, and the doubt that it would be corrected, even with the new legislation.

Another area of concern for the GAO was the Status Quo Technician. This, despite the fact that the number has rapidly been decreasing, since Congress, at the Army's request, passed a law requiring Technicians be deploying members of the unit they work for. The fact is that many Status Quo Technicians had been created by the Army itself, and that by simply changing their own regulations concerning mandatory removal and qualitative retention, almost 50% of all Status Quo personnel could again become active members of the units they service. In addition, by allowing officers who become Technicians prior to 1983 to be retained under the same criteria as those recruited after 1983, the Army could reduce the figure even more. Proper management of the military and civilian aspects of the Technician can easily overcome what, in truth, are relatively minor and questionable problems of Status Quo and proper unit assignment. PL 98-212 required Military Technicians to be members of the unit they service, but makes no provision to insure a proper space is made available. Military spaces in the unit for the AGR are well defined and are for their incumbancy only, especially since Reservists must, by regulation, be removed to accommodate them. Since the Military Technician is a Reservist, he or she must find a military space in which they can be slotted. This, coupled with the fact that normally most of the spaces reserved for the AGR's are the most appropriate positions one would want for Full Time Manning (ie: administration, supply, training). What then, is left for the Military Technician who is supposed to perform in his civilian position essentially the same duties as he would on active duty. To make matters even worse, the Military Technician who is also a Reservist is subjected to administrative removal not applicable to AGR's, such as selective retention boards when he reaches 20 years of service and transfer to the IRR upon attainment of a specific number of years of service based on grade. **THESE REMOVAL REQUIREMENTS DO NOT PERTAIN TO AGR'S OR ACTIVE SOLDIERS.** I can assure you that both methods are very effective in creating Status Quo Technicians. I can make case after case available where Technicians filling compatible spaces were either dropped by qualitative retention boards or attained the artifical years of service criteria not applicable to AGR's on duty. The Army Reserve is now experiencing a shortage of certain categories of warrant officers yet, highly qualified Technician warrant officers were transferred to the IRR based on a qualitative retention board. At Enclosure 2 is a typical case of a fully qualified Technician being removed for non-statuatory reasons but in compliance with the Army's regulations. It makes even less sense when one considers the individual is a Technician and qualified replacements are not available. Despite Congressional approval to retain Technicians willing to remain in units, the Army has interpreted this to mean only Technicians hired after 1983--which for the most part renders the legislation useless at this time (See Enclosure 2A).

Tenure and qualitative retention are other means of removing Technicians from appropriate unit spaces without regard for their Technician status. The Army's answer to objections concerning qualitative retention, years of service criteria and tenure is that it helps to insure upward mobility. This is just not so. While it does remove Technicians and Reservists from key positions it does not provide qualified replacements and, in fact, does not provide a well rounded and effective career pattern for the Reservist. More importantly, it seriously affects the readiness posture of the Reserve unit. Please note that the Army's interpretation of the 8 December 1983 law places mandatory promotion in the category of unfavorable or involuntary action that can result in a Technician's being put out of the Reserve unit and thereby losing his job; a fitting reward for excellence or performance [illegible] leads to promotion. A copy of a standard qualitative retention letter is at Enclosure 3. The GAO indicated in their report that the Army needs to intensively manage the FTS-AGR Program. What it did not say is that the AGR Program management already has an infra-structure of over a thousand engaged solely in the personnel management of the program at all levels. Despite this, I could go on for hours with the cases of gross mismanagement of the AGR program. These people do not add to unit capability, since they are totally dedicated to AGR administration. Military Technicians on the other hand are handled by an aleady existing Civilian Personnel Office structure. Despite promises to the GAO to do better and correct the many deficiencies the GAO found in the AGR program last year, things have gone from bad to worse. On 11 April 1986, at the Army-wide personnel community meeting held at ARPERCEN in St. Louis, Missouri, key AGR staff personnel responsible for the authorization documents, backfill program, administration and control of the AGR program at FORSCOM, DA publicly stated that the programs cited were in a state of chaos. Authorization documents and FTS Models have been continously manipulated. The initial Full Time Manning models the Army intended to use had excessive military spaces and did not contain any Military Technicians. Subsequent models still contained both excessive military spaces which duplicated civilian jobs. A meeting was held in the Capitol on 6 June 1984 at which representatives of FORSCOM and DA informed the Subcommittee for Defense Appropriations staff that new models would be developed which would eliminate duplication and represent the real full-time staffing requirements of the Reserve, both military and civilian. In almost every case, the revised models, developed by the Reserve commanders, contained substantial reductions in full time military personnel and added civilian Technician spaces. Although thousands of military spaces were designated as duplications or not required, within a short time the Reserve commands received information that many military spaces would be put back into the units despite the commanders' desires. Recommendations for additional Technician spaces were never forwarded. We were later informed even these models had been scrubbed and that we could expect another iteration of a FORSCOM model in December of 1984. The latest staffing guide provided deliberately defies Congressional report language and public law in that it creates changes in supervisory responsibilities of the Senior SSAA's. In addition, job descriptions of Technicians have been changed, deleting military requirements and reducing grade structure. All this without Congressional approval of the Army's ill-conceived plans. To be authorized, a new military position can simply be added to the FTS model if the position appears in the unit's authorization document. Despite the fact that the unit is not on active status, no further documentation is currently needed. For additional or changed Military Technician positions, however, there is a long and arduous authorization procedure that takes many months--despite the Congressional authorization of additional civilian spaces. The reasons are that the Army is still using the same outmoded and obsolete civilian staffing guides it used for Military Technicians more than ten year ago--long before it realized the need for full time support.

First, despite the Congress's specific requirement that the Military Technician be retained, and that there be no duplication of their duties and responsibilities by AGR or active component (AC) personnel, the Army never reduced the number of AGR/AC personnel. Unbelievably, it increased the required number of FTS AGR/AC personnel from 18,000 plus to 21,000 plus, and increased the number of required Military Technicians from 7,000 to 11,000. But, as of this writing, no actual model of what this force would look like has yet been made available.

At the meeting in June of 1984 called by your committee staff and attended by DA and FORSCOM representatives as well as John Esposito and myself, it was stated by the FORSCOM representatives (who later played a primary role in authoring the White Paper) that the philosophy of the Army, as pertains to the use of AGR/AC's and MT's, had dramatically changed. That in the future, AGR's/AC's would be used as trainers (not really defined) and for force modernization, and that the full time supply, administrative and training requirements of the units would be left to the military technicians. Obviously these were empty words as evidenced by the "WHITE PAPER", and current FORSCOM policy as indicated by the letter at

Enclosure 4. Although the White Paper and policy outlined in Enclosure 4 was rejected out of hand and the requirement to retain Military Technicians reaffirmed, the Army once again paid little or no attention to the desires of Congress. They immediately embarked on yet another attempt to replace Technicians with the high cost AGR's (See Enclosure 4A). This never-ending attack on the Military Technicians is unconscionable since it really results in the waste of millions of dollars of taxpayers money to buy a high cost program that has been proven on a one-to-one basis to be less effective than the cheaper and more efficient Military Technician program. Part of the answer is contained in a letter written to Chairman Addabbo by five subcommittee members in March of 1983. Unfortunately, the situation described in the letter (which I have enclosed for your convenience) has not changed. The officers referred to, who are supposed experts in Reserve matters, have continuously mislead the senior policy makers at FORSCOM (especially as it concerns the Military Technician) thereby creating the problems that beset us today.

The GAO recognized that the lack of pay compatibility with military counterparts is a contributing factor to the problems encountered by the MT program. The civilian Military Technician makes thousands of dollars less each year than the AGR, doing the same work and being required to mobilize with the unit. At the higher levels, Military Technician supervisors make many thousands of dollars a year less than AGR or active component personnel they supervise. We can easily fill positions with AGR's such as a Major or Lieutenant Colonel Engineer for about $42,000 a year plus military benefits, but the same civilian job pays only $21,000 a year. A Military Technician's pay should at least be based on the level of the military unit position he occupies. Technician supervisors should at least be paid more than any person they supervise.

The GAO's solution to this is almost ludicrous. Get rid of the person doing the same job for considerably less and keep the high priced help. No wonder there have been highly publicized scandels of excessive payment for hammers, spare parts and coffee pots. This at a time when at every level of government we should be attempting to cut cost, not raised them.

During the committee hearings on 1 May 1985 it was indicated that the most significant GAO finding was that mixing Technicians and AGR's in troop units is not organizationally sound and detracts from effectiveness. It was also stated that the all-AGR Force is preferred because it offers an immediate solution to the problem of Technicians unable to deploy with their units. How can we reconcile differences in these statements with the recommendations of the Army Reserve General Officers in May of last year?

I think I can explain. The Committee is being mislead when they are told that there is a real difference between the AGR's and MT's; one being depicted as a soldier and the other as a civilian and that one is more deployable than the other. This does not properly depict the true status of each group. Neither are truly active duty soldiers; both groups are simply Full Time Reservists. The Military Technician/Full Time Reservist, although a civilian employee, is, by law, required to be a military member of the unit he works for and deploy with that unit. He is required to maintain his military skills, fitness and military obligations. Failing to meet military requirements for retention in his unit can lead to his immediate removal from his full time job. He has, in fact, less legal protection to remain in Federal Service than that offered to an AGR/Full Time Reservist. The Military Technician/Full Time Reservist will, in many cases, enter into combat long before thousands of AGR/Full Time Reservists. In addition, the AGR/Full Time Reservist as opposed to the regular Army soldiers can normally look to a 20 year career spent solely in Army Reserve Centers, or at selected staff positions. In these days, when we are reducing millions in assistance programs for the poor and aged, we are paying millions more for Full Time Reservists called AGR's than we would pay for Full Time Reservists we call Military Technicians. As the years go by, these millions will soon turn to billions not only in direct pay differences, but in military retirement costs since AGR's can retire in only twenty years. There is no doubt that we can achieve the same and even higher degree of readiness by using Full Time Reservists who are Military Technicians.

I would further recommend that a study of the pay structure be instituted for Full Time Reservists with a mind toward equalizing them with the Air Force Reserve so as to retain as many AGR personnel as possible as unit Full Time Reservists. Reservists on tours of active duty in support of active Army activities such as FORSCOM, TRADOC and Army Headquarters would continue to be designated AGR personnel and should be authorized by the Congress. If these recommendations are accepted, it would result, even with the additional Full Time Reservists, in the savings of hundreds of millions of dollars a year (and billions in the years to come.) All it would take to make this a success is proper management and willingness by the Army to accept Congressional guidance, and the fact that the Military Technician/Full Time Reservist is a loyal member of the total Army. Mr. Chairman, this concludes my statement, I will be pleased to answer any questions you may have.

5 Encls
as stated

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF, ARMY RESERVE
WASHINGTON, D.C 20310

REPLY TO ATTENTION OF DAAR-ZX 3 March 1985

SUBJECT: The Second Annual Army Reserve General Officer Conference

GENERAL OFFICER CONFERENCE ATTENDEE

1. Thank you for your attendance at this year's conference. This packet contains recommendations from the workshop sessions. It represents the collective wisdom and views of the senior Army Reserve leaders in attendance concerning significant issues facing the Total Army today (incidentally, you aggregate over 1800 years of citizen-soldier experience). I value and respect your views.

2. I trust that the process of sharing and discussing has been valuable to each of you professionally and personally. It has been for me. Your enthusiastic, frank and full participation has assured a successful conference.

3. I am proud to be associated with each of you. You are citizen-soldier leaders serving our nation and contributing to our national security. Because of your efforts, and those you represent, the Army Reserve can be relied upon as an essential element of the Total Army.

Bill

WILLIAM R. BERKMAN
Major General, USA
Chief, Army Reserve

Encl 1

TAB E

ACTIVE GUARD RESERVE/FULL TIME SUPPORT

CENTER SUPPORT TEAM CONCEPT (FORSCOM WHITE PAPER).........E-1

CAREER PROGRESSION FOR AGR.................................E-1

FTUS MODEL FLEXIBILITY......................................E-2

DUAL STATUS...E-2

WHO IS IN CHARGE?...E-3

UCMJ AUTHORITY..E-3

AGR/AC/MT FORCE MIX...E-4

OPPORTUNITY FOR FIELD INPUT TO FORSCOM INITIATIVES.......E-4

ISSUE - CENTER SUPPORT TEAM CONCEPT

DISCUSSION: THREE MAJOR ALTERNATIVES WERE DISCUSSED BY THE GROUP. THESE ALTERNATIVES WERE:

1. IMPLEMENT THE CONCEPT AS OUTLINED IN THE WHITE PAPER.
2. TEST THE CONCEPT PRIOR TO IMPLEMENTATION.
3. RETAIN AND MODIFY CURRENT SYSTEM.

OVER 85 PERCENT OF THE CONFEREES VOTED TO RETAIN AND MODIFY THE CURRENT SYSTEM.

REASONS: CURRENT SYSTEM IS NOW UNDERSTOOD, IS WORKING AND SHOULD BE FULLY RESOURCED. THE ADDITION OF ADP RESOURCES PROMISES EVEN GREATER RELIEF FOR THE UNIT COMMANDER IN THE PRESENT SYSTEM. WITH RESPECT TO THE ISSUE OF MILITARY TECHNICIANS IN AMSAS AND ECSS, IT IS RECOMMENDED THAT THE DUAL STATUS OF MILITARY TECHNICIANS AT THESE FACILITIES BE ELIMINATED OR IF IT IS FELT DUAL STATUS IS IMPORTANT, MAKE THE MILITARY TECHNICIANS TDA AUGMENTEES TO THE MUSARC HEADQUARTERS.

ISSUE - CAREER PROGRESSION FOR AGR

DISCUSSION: A CAREER PROGRAM FOR AGR PERSONNEL IS NECESSARY TO ATTRACT QUALITY PEOPLE.

RECOMMENDATION: IN RESPECT TO TPUS, AGRS SHOULD NOT BE ASSIGNED TO COMMAND, COMMAND SERGEANT MAJOR OR 1ST SERGEANT POSITIONS. EXCEPTIONS REQUIRE CAR APPROVAL.

ISSUE - FTUS MODEL FLEXIBILITY

DISCUSSION: COMMANDERS PREFERRED MAXIMUM FLEXIBILITY TO CHANGE MODEL TO MEET NEEDS. NEED ABILITY TO MODIFY MODEL TO FACILITATE CHANGE, PARTICULARLY UNPROGRAMMED CHANGE. SOME PREFERRED TO BE ABLE TO TAILOR MODEL TO THE COMMAND AT LEAST TWICE A YEAR.

RECOMMENDATION: MAJOR COMMANDS (GOCOM, MUSARC, ARCOM, TNG DIV) SHOULD HAVE THE AUTHORITY TO MODIFY EXISTING MODEL AS NECESSARY TO MEET LOCAL CONTINGENCIES AND SPECIAL READINESS PROBLEMS. ALLOW THE ADJUSTMENT OF THE MODEL ANNUALLY WITH THE ADDITIONAL OPTION TO MOVE 10-20% OF AUTHORIZATIONS WITHIN LOCAL GEOGRAPHICAL AREAS ANYTIME WITHIN THE YEAR.

ISSUE - DUAL STATUS

DISCUSSION: THE FOLLOWING ALTERNATIVES WERE DISCUSSED:

1. REQUIRE DUAL STATUS IN TPU.
2. ALLOW OPTIONAL DUAL STATUS.
3. ELIMINATE DUAL STATUS FOR AMSA AND ECS.
4. ELIMINATE ALL DUAL STATUS.

RECOMMENDATION: CONCENSUS WAS REACHED ON THE FOLLOWING:

1. REQUIRE DUAL STATUS IN TPU.
2. ELIMINATE DUAL STATUS FOR AMSA AND ECS.

ISSUE - WHO IS IN CHARGE?

DISCUSSION: THE BEST QUALIFIED PERSON SHOULD BE IN CHARGE IN THE COMMANDER'S ABSENCE.

RECOMMENDATION: LEAVE THIS DECISION UP TO THE LOCAL COMMANDER.

ISSUE - UCMJ AUTHORITY

RECOMMENDATION: GIVE UCMJ AUTHORITY AT RESERVE GENERAL OFFICER LEVEL.

ISSUE - AGR/AC/MT FORCE MIX

DISCUSSION: MTs IN TROOP PROGRAM UNITS (TPUs) ARE NEEDED FOR CONTINUITY AND INSTITUTIONAL MEMORY. AGR/AC SUPPORT IS VERY IMPORTANT. BETTER AND MORE TIMELY NOTIFICATION OF PROJECTED AGR REPLACEMENTS IS NEEDED. MORE FLEXIBILITY IS NEEDED TO ALLOW AGR EXTENSIONS.

RECOMMENDATION: CONCENSUS WAS REACHED ON THE FOLLOWING:

1. RETAIN MTs IN TPUs.
2. KEEP AGR/AC MIX AS IT IS PRESENTLY PROGRAMMED.
3. INSTITUTE NEW EFFORTS TO ENSURE MORE TIMELY NOTIFICATION OF PROJECTED AGR REPLACEMENTS.
4. ALLOW EXTENSIONS OF AGR FOR ONE YEAR UPON COMMANDER'S REQUEST.

ISSUE - OPPORTUNITY FOR FIELD INPUT TO FORSCOM INITIATIVES

DISCUSSION: COMMANDERS WOULD LIKE AN OPPORTUNITY TO COMMENT ON NEW INITIATIVES EARLY ON IN THE PROCESS. FOR EXAMPLE, THE WHITE PAPER DOES NOT REFLECT A CONCENSUS OF MAJORITY OF USAR COMMANDERS.

RECOMMENDATION: THAT FORSCOM PROVIDE AN OPPORTUNITY EARLY ON TO COMMENT ON NEW INITIATIVES THROUGH THE CHAIN OF COMMAND.

AFKA-GCB-AG SCHULTZ, Richard H., SGM, 9204 (5 Dec) 3d Ind
SUBJECT: Request for Waiver of Maximum Years of Service Sergeant Major (E-9)

HEADQUARTERS, 78TH DIVISION (TRAINING), SGT Joyce Kilmer USAR Center, Edison, New Jersey 08817 1 February 1983

TO: Commander, 1175th USATT, Sievers-Sandberg USAR Center, Pedricktown, New Jersey 08067

1. Reference my comments at the Commander's Conference on 27 January 1983 concerning this matter.

2. Since it is expected that SGM Schultz will continue to service his unit as a DA Civilian, his retirement as an Army Reservist should not significantly impair the mobilization readiness of the 1175th USATT.

3. SGM Schultz will be processed for assignment to the appropriate Control Group upon completion of maximum years of service.

Harley L. Pickens
HARLEY L. PICKENS
Major General, USAR
Commanding

1 Incl
MPRJ

A GOOD EXAMPLE OF HOW THE ARMY "CREATES" A STATUS QUO TECHNICIAN - KNOWING FULL WELL HE REMAINS A "VIABLE" MOBILIZATION ASSET.

Encl 2

AFKA-RR-8AA SCHULTZ, Richard H., SGM, 9204 (5 Dec 82) 2nd Ind
SUBJECT: Request for Waiver of Maximum Years of Service Sergeant Major (E-9)

HEADQUARTERS, UNITED STATES ARMY READINESS AND MOBILIZATION REGION II,
First US Army, Fort Dix, New Jersey 08640
27 JAN 1983

TO: Commander, 78th Division (Training), SGT Joyce Kilmer USAR Center,
Edison, New Jersey 08817

1. Request for waiver of maximum years service and one year extension of SGM Richard H. Schultz is not favorably considered by me. Accordingly, it is herewith returned.

2. The maximum years service policy is part of the Enlisted Force Management Plan, designed to minimize rank and position stagnation and other upward mobility of our promising young career soldiers. In order to achieve retention of an effective mobilization force, we must ensure that this policy is enforced to the fullest and exceptions granted in only the most extreme case where the immediate loss of the individual will degrade mobilization readiness of the troop program unit assigned.

GEORGE E. MARINE
Major General, USA
Commanding

DEPARTMENT OF THE ARMY
HEADQUARTERS, 1175TH US ARMY TRANSPORTATION TERMINAL UNIT
SIEVERS-SANDBERG USAR CENTER, BUILDING 171
PEDRICKTOWN, NEW JERSEY 08067

13 November 1982

SUBJECT: Request for Waiver of Maximum Years of Service Sergeant Major (E-9)

THRU: Commander, 78th Division (Tng), ATTN: AFKA-GCB-AG, Kilmer USAR Center,
Edison, New Jersey, 08817
Commander, US Army Readiness and Mobilization Region II, ATTN: AFKA-RR-BAA,
Ft Dix, New Jersey, 08640

TO: Commander
First US Army
ATTN: AFKA-PA-RE
Ft Meade, Maryland, 20755

1. References: a. First US Army Message 051400Z October 1982, AFKA-PA-RE, Subject: Implementation of Maximum Years of Service (YOS) Program for Army Reserve TPU Members.

b. Letter, Hqs, First US Army, AFKA-PA-RE, 2 September 1982. Subject same reference 1a.

2. It is requested that Sergeant Major (E-9) Richard H. Schultz, 151-20-9204, assigned to this unit DMOS 64Z50, be granted a waiver and permitted to remain assigned to this unit for a period of one year. SGM Schultz is serving as the Senior Noncommissioned officer of the 1175th US Army Transportation Terminal Unit, a major subordinate command of the 78th Division (Tng). He is responsible for providing and developing leadership training within this command to an enlisted corps of 1099 personnel, comprised of two battalions, 8 companies and 2 detachments. Two of these units are designated as RDF. His expertise in training, SQT and management concepts are critical to the readiness of this headquarters and the troop program units assigned for administration and operational control.

3. The loss of SGM Schultz's experience in and knowledge of marine terminal operations would seriously affect performance of the 1175th USATTU in the event of mobilization. Although talented and capable potential replacements can be identified, the additional one year will ensure adequate refinement training and an orderly transition with minimum effect on mobilization readiness. SGM Schultz meets the physical standard to be retained. Weight 168 lbs, height 68 inches.

4. It is highly recommended that SGM Richard H. Schultz be granted a waiver for one year and be retained in his present unit assignment.

JOHN B. MALCOLM, JR
Colonel, TC, USAR
Commander

AFKA-GCB-AG (5 Dec 82)　　　　1st Ind
SUBJECT: Request for Waiver of Maximum Years of Service Sergeant Major (E-9)

HEADQUARTERS, 78TH DIVISION (TNG), SGT Joyce Kilmer USAR Center, Edison, New Jersey 08817, 13 December 1982

THRU: Commander, US Army Readiness and Moblization Region II, ATTN: AFKA-RR-BAA, Fort Dix, New Jersey 08640

TO: Commander, First US Army, ATTN: AFKA-PA-RE, Fort George G. Meade, MD 20755

1. The 1175th US Army Transportation Terminal Unit, is a major subordinate command of the 78th Div (Tng). The Senior Noncommissioned officer of that unit is Sergeant Major (E-9) Richard H. Schultz 151-20-9204, who will soon complete the maximum years of service allowed.

2. The presence of Sergeant Major Schultz is a critical factor to the readiness of that unit. Once a capable replacement is assigned to the Sergeant Major slot, an orderly transition can begin with minimum adverse effect on the Unit's readiness.

3. It is, therefore, requested that SGM Schultz be granted a waiver and be permitted to remain assigned to the 1175th US Army Transportation Terminal Unit, for a period of one year.

Harley L. Pickens

HARLEY L. PICKENS
Major General, USAR
Commanding

1/wor

0730 h.
13 Jan. 86

Action G-1

Info SS AA
RM
IG

HQ 78 DIV EDIN

VU INFOMASTER 4-005561A010-002 01/10/86
ICS DODCRSE ABN
02505 DOD CRC ALBANY GA 101405Z JAN 86/010
TWX 7104806247 HQ 78 DIV EDIN

1 R RUEBJFA0756 0101325 DA-BHCSVD
R 091500Z JAN 86
FM CDRUSAONE FT MEADE MD //AFKA-PR-RE//
TO AIG 9006
DA-BHCSVD
UNCLAS
GOOQ
SUBJ: RETENTION OF USAR MILITARY TECHNICIANS (ARTS)

1. THIS MESSAGE SUPERCEDES ALL PREVIOUS MESSAGES AND CIRCULARS PUBLISHED BY THIS HEADQUARTERS REGARDING SUBMISSION OF REQUESTS FOR EXTENSIONS OF ARTS BEYOND MANDATORY REMOVAL DATE (MRD).

2. A MAJOR PURPOSE OF EXTENDING ACTIVE RESERVE SERVICE BEYOND MRD IS TO RETAIN HIGHLY QUALIFIED MILITARY TECHNICIANS HIRED AFTER 9 DECEMBER 1983 BY ALLOWING THEM TO SERVE IN DUAL STATUS UNTIL AGE 60, OR ELIGIBLE FOR A CIVIL SERVICE RETIREMENT ANNUITY.

3. ALL REQUESTS FOR EXTENSION MUST INCLUDE THE FOLLOWING:
   A. NAME AND SSN
   B. MILITARY AND CIVILIAN GRADE
   C. DOB
   D. SERVICE COMPUTATION DATE (SCD)
   E. UNIT OF ASSIGNMENT

PAGE 02 RUEBJFA0756 UNCLAS
   F. CIVILIAN JOB TITLE
   G. DATE TO WHICH EXTENSION IS REQUESTED
   H. DATE OF INITIAL EMPLOYMENT INTO THE MILITARY TECHNICIAN (MT) PROGRAM
   I. DATE ELIGIBLE FOR IMMEDIATE CIVIL SERVICE ANNUITY

4. INFORMATION IN ITEMS D, F, H, AND I MUST BE VERIFIED BY THE SERVICING CPO. DATE OF INITIAL EMPLOYMENT IS THE TIME AN EMPLOYEE IS HIRED OR MOVED FROM A NON-MT POSITION INTO A MT POSITION. REINSTATEMENT OF A FORMER USAR TECHNICIAN CONSTITUTES A NEW INITIAL EMPLOYMENT.

5. REQUESTS WILL BE SUBMITTED THROUGH NORMAL COMMAND CHANNELS TO THIS HEADQUARTERS, ATTN: AFKA-PR-MOM FOR OFFICERS/WARRANT OFFICERS AND ATTNBC AFKA-PR-RE FOR ENLISTED SOLDIERS. APPROVAL OF EXTENSION IS NOT AUTOMA[illegible]AS ONLY THE BEST WILL BE RETAINED. EACH INTERMEDIATE HEADQUA[illegible] WILL ENDORSE THE REQUEST, RECOMMENDING APPROVAL/DISAPPROVAL A[illegible] STATE RATIONALE. REQUESTS ARRIVING AT THIS HEADQUARTERS NOT IN STRICT COMPLIANCE WITH THIS MESSAGE WILL BE RETURNED FOR RESUBMISSION.

6. POINT OF CONTACT AT THIS HEADQUARTERS IS MR. OSBORNE, AUTOVON: 923-5381/7419 OR FTS: 938-5381/7419.

0944 EST
#
HQ 78 DIV EDIN

Encl 2A

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY
HEADQUARTERS 78TH DIVISION (TRAINING)
SGT JOYCE KILMER USAR CENTER
EDISON, NEW JERSEY 08817-2487

REPLY TO
ATTENTION OF:

AFKA-GCB-AG ē

SUBJECT: Nonselection for Continued Unit Participation

THRU: ē

TO: ē

1. While you are a fully-qualified member of the US Army Reserve, AR 135-205 provides that only the best qualified be retained in units. The best qualified members are selected by a qualitative retention board. The regulation further provides that a member who is not selected for retention will be removed from unit participation. You were considered for qualitative retention and were not selected. Accordingly, no later than ē you will be discharged, transferred to Control Group (Reinforcement) of the Individual Ready Reserve (IRR), or to the Retired Reserve according to the option you selected by indorsement.

2. In determining the best qualified personnel for continued unit participation, I can assure you that the board discharged its duties in a thorough and impartial manner. The character of your service has been noted to be honorable and this is reflected in your records.

3. Your many personal sacrifices to the US Army Reserve are sincerely appreciated. You may take just pride in having contributed to the success of the Reserve Components as a viable force capable of meeting today's challenges.

Encl 3

HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
FORT McPHERSON, GEORGIA 30330-6000

REPLY TO
ATTENTION OF

AFPR-MMR

28 NOV 1984

SUBJECT: Technician Requirements

✓ Commander, First US Army, ATTN: AFKA-RM
Commander, Second US Army, ATTN: AFKD-RM
Commander, Fourth US Army, ATTN: AFKE-RM
Commander, Fifth US Army, ATTN: AFKB-RM
Commander, Sixth US Army, ATTN: AFKC-RM

1. The FORSCOM USAR technician program will continue to operate as it has in the past. However, the advent of the Full Time Unit Support Models not yet workload justified has raised questions concerning the impact of the staffing of full time manning on technician positions and staffing.

2. Requests for substitution of military for civilian staffing and vice versa must be fully justified. A viable personnel system for both the Army Guard/Reserve and military technician personnel cannot be established on a base that is continually changing. It is the policy of HQ FORSCOM that full time positions generally pertaining to tasks that will be done by the unit/headquarters post-mobilization will be recognized as military positions. Those full time positions whose tasks generally will not be performed by the unit/headquarters post mobilization will be recognized as civilian positions. Requests for change based on the current availability of allocations or current non-availability of MOS will be returned without action. This policy fully supports the Congressional requirement for stabilizing the technician force.

3. HQ Department of Army guidance as outlined in AR 570-4, Department of Army Pamphlet 570-4 and Department of Army Pamphlet 570-560 (Draft) applies to the procedures and requests for technician staffing changes. The latter pamphlet is expected to be published in final form early 1985.

4. In requesting increases in technician staffing, the following must be provided in addition to that required by regulation:

a. Latest FTUS model (put in section D of Schedule X or include as an inclosure).

Encl 4

b. If position does not correlate with one in staffing guide, a task list is needed together with appropriate office and supervisor.

c. If request is result of a TAP activation, include data on AGR requirements/allocations to be provided. A request caused by a TAP action may be submitted at any time.

d. Staffing for MUSARC and Group/Brigade level Headquarters will necessitate a wiring diagram of the HQ full time support staffing organization as established in the latest FTUS model.

5. Manpower Management Division maintains a file for each MUSARC which includes the command structure of the MUSARC, e.g., each level of subordinate command. These have not been updated in our files in over a year. The latest organizational chart should be forwarded to HQ FORSCOM, ATTN: AFPR-MMR.

6. The Reserve Component Command and Control Reorganization has caused changes in the command and control workload of some MUSARC HQ and subordinate HQ. These changes have created a need to review the technician staffing. This initiative is a CONUSA HQ responsibility.

FOR THE COMMANDER:

Carolyn J Rosenberg
CAROLYN J. ROSENBERG
Captain, AG
Assistant Adjutant General

SECRETARY OF THE ARMY
WASHINGTON

8 July 85

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY
(MANPOWER AND RESERVE AFFAIRS)
CHIEF, LEGISLATIVE LIAISON

SUBJECT: Active Guard/Reserve and Military Technician Force Mix

One of the Army's objectives during this session of Congress is to obtain approval to realign the Reserve Component Military Technician and Active Guard/Reserve forces. Request you take appropriate action to prepare plans to accomplish this, if relief from current restrictive congressional language is obtained, based on the following guidelines:

- Active Guard/Reserve personnel will be assigned to positions at various levels within the Reserve Component structure and within the Active Component structure to positions that support the Reserve Components.

- Military Technicians will be assigned within the Reserve Component structure to State and Major U.S. Army Reserve Command headquarters and other full-time support positions as determined by National Guard Bureau and U.S. Army Forces Command (e.g., Office, United States Property and Fiscal Officer, Equipment Concentration Sites, Area Maintenance Support Activities, Mobilization and Training Equipment Sites, Unit Training and Equipment Sites, Combined Support Maintenance Shops, Organization Maintenance Shops, Army Aviation Flight Activities, Army Aviation Operating Facilities and Army Aviation Support Facilities).

- Active Guard/Reserve and Military Technicians should not be assigned within the same day-to-day work unit at Army National Guard division level and below, or below general officer command level within the U.S. Army Reserve.

Encl 4A

This realignment will be accomplished over a period of time through normal attrition. No encumbered military technician position will be transferred or abolished to accomplish this realignment. Generally, the most junior technician positions would be those first affected and technicians currently serving would be afforded opportunities for career progression.

Exceptions to the realignment policy may be granted at Department of the Army, National Guard Bureau or Major Army Command level.

John O. Marsh, Jr.

John O. Marsh, Jr.

CHARLES WILSON
2D DISTRICT, TEXAS

COMMITTEE:
APPROPRIATIONS

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 25, 1983

The Honorable Joseph Addabbo
Chairman
Defense Subcommittee of
  Appropriations Committee
H-144, The Capitol
Washington, D. C. 20510

Dear Mr. Chairman:

This letter refers to the 2 March 1983 unclassified message from FORSCOM to DA, subject: Implementation of FTUS Plan which corroborates the Army's intent to replace military technicians with active component and/or AGR personnel. This message, the latest in a long series of attempts by the Army to replace military technicians, is clearly not in keeping with the congressional mandate. Not only does it immediately affect the MUSARC SSAA positions, it impacts on the entire military technician workforce in that it curtails opportunity for upward mobility for those qualified personnel who desire to compete. FORSCOM has a long history of attempting to convert/replace military technicians, even though recent congressional reports prove conclusively that military technicians can do the same job for substantially less cost to the taxpayer. At the same time, the Army is telling Congress about the success of full time manning with AGR personnel. There are two relevant points that need to be addressed. First, has the Test Conversion Program been evaluated? If so, why did the FORSCOM write to MUSARC Commanders on 22 February 83 asking for input on the value of FTM. It appears that the Army is getting together an evaluation on a program subsequent to them highly recommending its value to Congress.

From all of those who have followed the evolution over the past decade, it is clear that the driving force is FORSCOM. Reserve officers on tours of active duty have provided the impetus for the recommended program. Such a program will provide many more positions for such personnel to compete for, thereby enhancing their chances to achieve a twenty year active duty retirement. With the recent advent of DOPMA, which suggests that only one type of management program for officers on AD, it is counterproductive to allow another system such as the AGR Program to be adopted.

Encl 5

The Honorable Joseph Addabbo
March 23, 1983
Page Two

Recently the Army asked each MUSARC Commander who he preferred as the ADMC. In at least one case, the nomination was for the incumbent SSAA, who was on the 06 selection list. In spite of the recommendation of this highly qualified officer, the Army chose to direct that the Active Component Senior Advisor would be assigned as the ADMC. This act alone destroys any creditability the Army espouses to with regard that the SSAA can become the ADMC.

Military technicians regretably have been managed minimally, at best. The continuity such personnel provide is invaluable in the reserve program. If an intensive management structure were provided at DA level (OCAR), the Reserve units could be provided the type of day-to-day force that would fully achieve the readiness standards the Army desires.

Sincerely,

Charlie
Charles Wilson

Les AuCoin
Les AuCoin

Norman D Dicks
Norman D. Dicks

Joseph M. McDade

John P. Murtha
John P. Murtha

TUESDAY, APRIL 29, 1986.

INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS

WITNESSES

JAMES SOMMERHAUSER, LOCAL 12
ERIC WARNQUIST

INTRODUCTION

Mr. **CHAPPELL**. Our next witness is Mr. James Sommerhauser, Local 12, International Federation of Professional and Technician Engineers.

We are pleased to have you with us today.

STATEMENT OF MR. SOMMERHAUSER

Mr. **SOMMERHAUSER**. Thank you, sir.

Mr. Chairman, with me today is Mr. Eric Warnquist of my union, and we are both Federal employees in the Naval shipyard system. Mr. Warnquist is with the Portsmouth Naval Shipyard; I am with Puget Sound Naval Shipyard. We would like to share views on the subject of competition for Navy overhaul work and the competitive position of the Naval shipyards.

FOUR POINTS

We would like to approach four points, the first being the need for a statement from DOD and Navy on a minimum mobilization and arsenal basis in both the public and the private shipyards.

The second point would be the emerging work capability of the Naval shipyards which is frequently not recognized.

The third topic would be the fairness when competition is appropriate for a fair-bidding process that doesn't give advantage to either party.

And the fourth topic would be micro-management of the Naval shipyards at all levels, both from Congress and descending down into the Naval Sea Systems Command.

MOBILIZATION BASE

On the first topic on mobilization base, the Navy has presented as an OP-NAV instruction a discussion of the minimum Naval shipyard base necessary for strategic defense purposes. To our knowledge, despite requests from your committee and from others, the Department of Defense nor Navy has ever produced a document that would say in the entire shipyard community what is the minimum base.

We would ardently request that your committee approach Navy from the standpoint even if need be of appropriations limitations to cause that document to be produced. All of the shipyards need to know where they stand as far as when you lose a bid and your shipyard goes under, have we now affected a minimum national defense concept.

The second thing that we would ask in that mobilization base is that Congress specify that not just a reporting of the minimum number of dry-docks and cranes and machine shops, but how many people does it take in those shipyards with that equipment to meet that minimum mobilization capability.

The third point on minimum mobilization has to do with an item that my friend would like to present to you, and that is having to do with in bidding, is it really your desire that we go immediately to bidding. We have tried to follow the directions from the committees out of Congress and their statements, and it appears that Navy is well beyond your request for experimentation and data.

COMPETITION BETWEEN PUBLIC AND PRIVATE SHIPYARDS

Mr. **Warnquist**. We ask that the—in previous fiscal year budgets Congress directed the Navy to test them on a limited basis, a program to compete public and private shipyards for Naval ship overhaul alteration and repair work.

As indicated in internal documents between various Naval shipyards and headquarters, the Navy has expanded the test so that we now have a competitive program but without a plan.

To operate a competitive program, the Navy is considering a host of changes in conditions of employment and personnel management. What was perceived as a test, is becoming marching orders.

In written testimony we have provided the committee with several recommendations and ask that you consider them. However, it is of importance that as part of the fiscal year 1987 budget require the Navy to accomplish an in-depth study of the impact of the course of action it has embarked upon in all areas.

Congress should require that a report be made with findings and recommendations. A change in direction as far reaching as the one now taking place should not be entered into lightly, but should be mindful of the potential impacts on national security and the lives of 4,000 men and women working at the Naval shipyards.

Mr. **Sommerhauser**. It is potentially not recognized that a major portion of the overhaul work that Naval shipyards accomplish are voids repairs and casualty repairs on ships away from the shipyard. When you enter a competitive arena, how will you accomplish that? When a ship breaks an engine and is tied up in drydock at Rota or in the Philippines, are you going to begin to let a contract to take care of that work?

Now, we provide immediate reaction repair teams out of the Naval shipyards that leave when it happens and we repair it when it happens, not six weeks down the line when the contract is let and we have the opportunity to hire up to meet the condition.

We think discussion of the mobilization base and its requirements on overhead loses sight frequently of the emerging work of the Naval shipyards. In the bid process arena, Navy appears to be in the process of taking action to provide for a more equitable base for the Naval shipyards to provide competitive bids.

Mr. **Chappell**. Excuse us for a minute. Let us vote and we will be right back.

[Recess.]

Mr. **Chappell**. Go ahead.

BID FAIRNESS

Mr. SOMMERHAUSER. In the third item of bid fairness, Navy has taken some recent action which we are yet unsure if they have finalized to allow the excluding of certain costs from the overhead portion of Naval shipyard bids. Those costs would be in the area of mobilization arsenal costs, base operating support costs for certain mandated programs from—that are imposed only on the Naval shipyards and no comparable costs in the private sector could be found.

We request that the committee support those actions by Navy in its committee report language and encourage Navy to follow through.

In the final arena, we find ourselves somewhat at odds with our own management. The Naval shipyards are very tightly controlled by the Naval Sea Systems Command and by the Department of the Navy.

We are currently living under a hiring freeze imposed on all Navy personnel. We have a strict manpower limit placed on the shipyards. We have strict overtime limits placed on the shipyards and a number of other requirements placed on us that reduce our ability to take cost efficiency measures.

We have provided some examples in our written testimony and can provide additional examples if they are needed.

We thank the Chairman very much for the invitation to testify and if there are any questions, we would be happy to answer them.

[The statement of Mr. Sommerhauser follows:]

INTERNATIONAL FEDERATION OF
PROFESSIONAL & TECHNICAL ENGINEERS

IFPTE

TESTIMONY
OF THE
INTERNATIONAL FEDERATION
OF
PROFESSIONAL AND TECHNICAL ENGINEERS
AFL-CIO .

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE

SELECTED VIEWS ON THE COMPETITIVE POSITION OF THE NAVAL SHIPYARDS

APRIL 29, 1986

Mr. Chairman, my name is Jim Sommerhauser. With me today is Mr. Eric Warnquist. We are Union Officers of the International Federation of Professional and Technical Engineers. Our Union represents some 50,000 employees in the engineering and technical fields. We represent over 10,000 such employees in the Naval Shipyard community. Mr. Warnquist and I have direct knowledge of our subject as we are both current federal employees in Naval Shipyards. Mr. Warnquist is from Portsmouth Naval Shipyard, Portsmouth, New Hampshire, and I am from Puget Sound Naval Shipyard, Bremerton, Washington.

Today we wish to provide you information on the subject of competition for Navy's overhaul work and the competitive position of the 8 Naval Shipyards. We will limit the scope of our presentation to four key areas:

1. Determination of the minimum/mobilization shipyard base. That is, maintaining defense preparedness of of the Navy shipyards.
2. The emergent work capability of the naval shipyards; or the ability to handle unplanned or casualty repair work.
3. Bid process fairness between the public and private shipyards.
4. Micro-management of the Naval Shipyards that affects their ability to control costs.

DETERMINATION OF ARSENAL/MOBILIZATION SHIPYARD BASE

Since the beginning of the decline of the American merchant marine in the late 1950's there has been a growing competition for the new construction, conversion and overhaul of naval vessels between the public and private shipyards. In the time frame of 1960-1965 and since, all new construction of naval ships has been allocated to the private sector, and Naval overhauls were split by "gentleman's agreement" 70% public/30% private. The situation has worsened to the present day where the private sector has essentially no new contracts for merchant marine construction, and the new construction program for 600 ship Navy is winding down.

This situation, where Navy overhaul and conversion work is THE significant survival factor for most of the nation's private shipyards, is wrong and dangerous for the national security and economic well being. We hope that your subcommittee recognizes this condition and would put forward the strongest possible statement for creating a national maritime policy that addresses the problem.

We must still deal with the situation of today. The Navy, after significant prodding from your subcommittee and others, has launched several initiatives toward cost reduction for ship overhauls. One of these initiatives is the competitive bidding of overhauls between public and private shipyards. While this has the strong possibility for lowering costs somewhat, there is also potential of great long term harm, such as:

1. In the present shipyard economic crisis, shipyards facing "win the bid or close the doors" are very likely to make economically unsound bids, "low-balling", and then try to survive by overcharging for work growth and changes. This results in the bid price not being even close to the real "should cost" price and the survival of the shipyard remains tenuous during and even after the overhaul.
2. For those in the "win the bid or close the doors" situation, and who do not win the bid, then we have lost another shipyard from the industrial base. Losing a shipyard jeopardizes the minimum arsenal/mobilization capacity.

We feel that it is imperative that DoD comply with your subcommittee's request to produce a minimum shipyard arsenal/mobilization requirement. This requirement should list general capacities and capabilities that are required, as well as the specific shipyards who meet those requirements. The danger of shipyard closures is now bad enough that we believe it would be appropriate to require DoD/Navy to meet the above requirements or face appropriations limitations.

Navy has issued a document covering just the naval shipyards, **STRATEGIC AND OPERATION REQUIREMENT FOR NAVAL SHIPYARDS, OPNAVINST 3050.22,** 27 December 1983 (attached as enclosure 1). Navy's document identifies requirement such as, "Maintain two shipyards on each coast capable of repairing aircraft carriers." The document does not state which of the naval shipyards meets such requirements.

More disturbing, is the fact that the Chief of Naval Operations, who wrote this instruction, does not tell The Chief of Naval Material who has the "maintain" action responsibility, how he is supposed to maintain shipyards with the required capability in a competitive bid environment.

Putting this situation in the larger context of all the shipyards, public and private, we come to the conclusion that competition has desirable features, mainly potential reduced costs. However, we believe that the subcommittee should recognize that some increase over pure competition costs and the ability of Navy to award overhauls without competition, may be required to prevent losses below the minimum shipyard arsenal/mobilization requirement. This situation cannot be properly addressed until DoD/Navy tells the world what the minimum shipyard requirements are.

EMERGENT WORK CAPABILITY OF THE NAVAL SHIPYARDS

In the arena of public vs. private shipyard competition for Navy overhaul work, it is frequently claimed that naval shipyards have higher overhead costs. This cost is attributed to their arsenal mobilization capability requirement. The value of this mobilization capability is discounted with the prediction that the next war will be nuclear and there will be no ships left to repair or shipyards left to repair them in. Another argument against the naval shipyards mobilization costs is that the real need in future conflicts will be for shipbuilding capability, which is the specialty of the private shipyards.

In answer to these arguments we agree that we have higher overhead costs than some private yards. Some of these costs are a result of maintaining our mobilization capability. However, what is conveniently ignored is the emergent work capability that our higher overhead is paying for. A significant part of the current workload of naval shipyards is voyage repairs. Few if any private shipyards maintain the work force skills to perform unplanned complex emergent work.

Consider also the following description of the naval shipyard from the Chief of Naval Operations (see enclosure 1):

> "Naval shipyards comprise a vital element of fleet logistic support. They are distinguished from other shore actitities which render service to the fleet in that they have the industrial plant, engineering talent, artisan skills, employment depth and scope of service required to convert, overhaul, drydock, repair, modernize and provide logistic support to a variety of warships simultaneously. Further, naval shipyards:
>
> a. Provide a responsive, geographically dispersed, strike free industrial capability in support of fleet readiness.
>
> b. Ensure the availability of a qualified, ready work force whose priority of work can be controlled by the the Navy to support changing operation commitments and emergent work.
>
> c. Ensure sustained support of highly complex and classified workloads.
>
> d. Maintain an immediate capability to repair battle damage rapidly for all clases of naval ships.
>
> e. Provide an immediate mobilization industrial base for rapid expansion to support combat operations."

Note, that of the five specific strategic items addressed by the CNO, only one is related to mobilization. Anyone who has experience with creating organizations required to provide rapid specialized response knows that creating and maintaining that capability is expensive. We hope that the subcommittee will give due recognition to the emergent work capability in the naval shipyards and support maintaining it. The Navy is conscious of not writing a blank check for that capability and is taking measures to insure cost containment in the naval shipyards is a high priority. There will be more discussion on this in later topics.

BID PROCESS FAIRNESS

As part of the Navy's efforts to improve the efficiency of the naval shipyard system, Navy contracted for an independent audit of the Navy Industrial Fund Activities. The well known private sector auditing firm of Coopers & Lybrand conducted the nearly year long study. The following is a quote from their draft report on the subject of public vs. private sector competition for overhaul work:

> "Differences between private and public shipyards complicate an equitable comparision of the two in a competition for work but differences between naval shipyards competing for work would be far less. While it is clear that not all shipwork could be competed-- Philadelphia could not compete for nuclear work, for example-- there should be sufficient opportunities to compete work between naval shipyards above a certain reduced baseline and such a competition could provide real incentive for improved shipyard performance to justify or to maintain employment."

From the employee perspective in the naval shipyards we are alarmed by public vs. private shipyard competition. The following are some of our concerns:

a. We are very aware of the buy-in or "low-balling" bid practices in some of the private shipyards we may be bidding against. We believe that our position as a part of Navy, using Navy's accounting systems, being subject to Navy command audits, commanded and supervised by Navy officers, etc., would effectively prevent us from using similar tactics. Thus we are at a bidding disadvantage that could cost many jobs.

b. The higher overhead that we generate to support the very important emergent work and arsenal/mobilization capability discussed in the previous topic also places us in a significant bidding disadvantage.

c. Our shipyard budgets must support many items not found in private shipyards, placing us at a significant disadvantage.

Recently in accordance with direction from this Committee four projects have been allocated by bid. Only after the public shipyards lost these 4 bids does it now appear that we may be allowed relief in discounting some items from our bids. Further, we expect that there will be pressure on Congress to delete measures that are giving us a more equal chance in bidding for work.

d. Because of our governmental entity status it appears that we can be required to reveal significant items about our bids to our competitors under a Freedom of Information act request. This significantly affects our competitive position.

e. Micro-management from above, including Congress, DoD, and especially Naval Sea Systems Command (NAVSEA), severely restricts our ability to reduce costs inside the shipyard and thus be in a better competitive position. I will discuss more on this subject in the last topic.

f. Also in the area of micro-management is the fact that the shipyards are not allowed to pick the projects that they will bid on. We are directed by NAVSEA on exactly which projects we WILL bid on. It is also typical for NAVSEA to tell the shipyards quite late of our requirement to bid on a project.

From all of the foregoing it should be obvious why the employees in naval shipyards are less than totally enthusiastic about competitive bidding. **WHAT WE DO NOT FEAR IS OUR ABILITY TO BID COMPETITIVELY, IF WE ARE ALLOWED TO DO SO ON A TRULY FAIR BASIS.** We believe that we can produce more work, of better quality and in a more timely fasion than most of our private sector counterparts.

If there is any doubt about our true ability to be competitive in a fair environment, it can easily be confirmed. Allow us to compete on all new construction and conversion & repair work. Consider the possible dollar savings in new construction in a public shipyard with no profit motive, using Navy's own accounting system that is easily audited, and where cost growth for changes can be controlled.

MICRO-MANAGEMENT OF THE NAVAL SHIPYARDS

In previous topics we have several times mentioned micro-management of the naval shipyards as affecting our ability to be efficient and costs competitive. There appear to be two obvious ways to address the problem. From our perspective, and as noted in the Coopers & Lybrand study of the naval shipyards, you can either remove the micro-management controls or discount their costs in the bid process.

From the standpoint of discounting micro-management costs from the bid process Navy appears to be making some progress. We have obtained copies of a conceptual proposal from Navy that will allow the exclusion of certain costs from naval shipyard bids. The following is an excerpt from COMNAVSEA ltr. 7689, Ser 15D/29 of 25 Feb 86:

"The following is a conceptual proposal regarding cost elements to be removed from shipyard stabilized rates. As indicated below, there are four general categories of costs at naval shipyards. Costs applicable to three of these categories (i.e., Mobilization Base, Base Operating Support and Mandated Programs) should be removed from the rate and be funded directly by the management command (or others as appropriate). The remaining category (i.e., Overhaul/Repair/FMP/Other Direct Programs) would contain costs applicable only to shipwork/other mission related production work and be funded by th requiring customer. Conceptual working definitions of these four categories are follows:

1. Mobilization Base - Ownership costs (e.g., maintenance, storage, depreciation, etc.) for physical items not required for the workload scheduled/worked in the prior, current and budget fiscal years. Personnel related costs (e.g. training) may also be mobilization costs if they can be justified strictly as mobilization costs, on the above basis, with no relation to the costs of accomplishing budgeted workload.

2. Base Operating Support - Costs incurred which are not in support of the shipyards' industrial mission (e.g., NIP costs incurre for tenant support which was not reimbursed due to nonexistent or insufficient NAVSEA BOS and/or tenant responsible funding).

3. Mandated Programs - Costs incurred as a result of higher authority/regulatory requirements which are not incurred by private industry in performing similar types of work (e.g., costs incurred for commercial activity studies.

4. Overhaul/Repair/FMP/Other Directed Progams - Costs which directly or indirectly contribute to accomplishment of shipwork/ other mission related productive work. (Should meet the test that private industry incurs these type of costs in performing similar categories of work.)*

We have been unable to confirm if this conceptual proposal has been accepted by Navy, and if it has, that the final form matches that above. We request the subcommittee's strongest possible support to insure that Navy adopts the above-proposed concept.

For items of micro-management from outside the shipyards that do not have a clear discountable cost we need the subcommittee help. Many of these items are general management and inhibit the ability of the shipyards to take efficiency or cost cutting actions. Others just make the work harder and/or more costly. The following are pertinent items from the Coopers & Lybrand draft report on this subject of micro-management:

"In a highly decentralized corporate structure which would be appropriate for a mature business, responsibility for all major business functions is generally delegated to the division or subsidiary organization. Interface with corporate management is substantially different than in the centralized structure. Corporate responsibility includes overall profit ard loss margins and monitorin adherence to business plans, with minimal involvement in detailed operating transactions.

The naval shipyard operation can be considered a mature business...

Although the Navy's standard organization structure is decentralized, actual interface transactions between Headquarters and shipyards bear little resemblance to a decentralized private industry model. Headquarters tends to extend control at too low an operation level, reducing the shipyards' operation efficiency. For example, Headquarters:

- Concentrates on staff levels and ratios;

- Is involed in organization structure at the clerical levels, in some cases:
- Attempts to mandate standardized procedures in all shipyards in spite of differences in ships, services, environment, resources, limitations of productive capabilities, or limit of skills markets;
- Allocates capital with limited attention to shipyard needs or long-term goals:

The interference of Headquarters in daily operations is often extreme Shipyard operation managers and technicians may be summoned to group meetings at distant locations, with little notice, without the approval of knowledge of the Shipyard Commander. Interference of this sort can be very disruptive.

In summary, Headquarters' disregard for its decentralized role not only weakens the authority of the Shipyard Commander but also impedes shipyard management in general. Inconsistencies in policy, rapid shifts in direction, lack of requirements for business plans, and direct interference at the operating level limit the effectiveness of military and civilian shipyard managers."

Many other examples of micro-management are available from our experience and from the Coopers & Lybrand draft report. Navy and NAVSEA appear to have seriously considered the findings and recommendations of Coopers & Lybrand report. However, the current Navy - imposed mampower ceilings, overtime limits, & hiring freezes are gross examples of micro-management.

We recommend that NAVSEA give the shipyards their own budgets, and hold shipyard management accountable for adherence to the budget.

Being the recipient of so much micro-management from all levels, we do not suggest that this subcommittee, or others, add to the problem by attempting to micro-manage Navy/NAVSEA. We do request that this subcommittee, and others, make strong statements of support for correcting the problems we have presented in this testimony. We further request that this subcommittee, and others as appropriate, maintain oversight to insure that the problems are corrected. Finally we recommend for your review, the proposed reforms discussed in the Cooper & Lybrand draft report.

DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, DC 20350

IN REPLY REFER TO
OPNAVINST 3050.22
OP-433D
27 December 1983

OPNAV INSTRUCTION 3050.22

From: Chief of Naval Operations

Subj: Strategic and Operational Requirements for Naval Shipyards

1. Purpose. To establish strategic and operational requirements for naval shipyards.

2. Background. Naval shipyards comprise a vital element of fleet logistic support. They are distinguished from other shore activities which render service to the fleet in that they have the industrial plant, engineering talent, artisan skills, employment depth and scope of service required to convert, overhaul, drydock, repair, modernize and provide logistic support to a variety of warships simultaneously. Further, naval shipyards:

a. Provide a responsive, geographically dispersed, strike free industrial capability in support of fleet readiness.

b. Ensure the availability of a qualified, ready work force whose priority of work can be controlled by the Navy to support changing operational commitments and emergent work.

c. Ensure sustained support of highly complex and classified workloads.

d. Maintain an immediate capability to repair battle damage rapidly for all classes of naval ships.

e. Provide an immediate mobilization industrial base for rapid expansion to support combat operations.

This instruction defines additional broad strategic requirements and specific shipyard capabilities in support of fleet strategic needs that must be satisfied beyond public shipyard innate operational characteristics.

3. Policy. Fleet requirements are best served by a complex of naval shipyards proximate to fleet homeports and/or operating areas. Capabilities and capacities of the naval shipyards should be adequate to handle projected demands for industrial services placed on them by the fleet. The following strategic and operational requirements are to be met in planning the structure, organization and facilities of the naval shipyard complex.

RECEIVED FEB 21 1984

Enclosure (1)

OPNAVINST 3050.22
27 DEC 1983

a. Maintain two shipyards on each coast capable of repairing aircraft carriers.

b. Maintain one shipyard on each coast capable of repairing surface nuclear ships.

c. Maintain three shipyards on each coast capable of overhauling nuclear submarines.

d. Maintain three shipyards on each coast capable of installing, checking out and repairing current state-of-the-art electronics and missile weapons systems.

e. Maintain Pearl Harbor Naval Shipyard capable of emergency repairs of all Pacific ships and capable of overhauling all ship types homeported in Hawaii.

4. Action. Chief of Naval Material will insure compliance with the above policy within activities under his command.

T J Hughes

T. J. HUGHES
Deputy Chief of Naval
Operations (Logistics)

Distribution:

SNDL	A4A	(Chief of Naval Material) (5)

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FKP11	(INACTSHIPFAC)
FKP16	(NAVSSES)
FT43	(SWOSCOLCOM)
FT88	(EDOSCOL)

Op's 090, 09R, 90, 92, 09B26, 008, 01, 02, 21, 22, 23, 03, 32, 35, 37, 04R, 40, 41, 43 (20), 05, 50, 55, and 60

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CLOSE-UP STUDENTS FROM TACOMA AREA

Mr. CHAPPELL. We appreciate very much your very fine statement.

Mr. Dicks, do you have visitors you would like to introduce?

Mr. DICKS. We have Close-Up students who are here from the State of Washington, from the Tacoma area. I told them they should come in and Mr. Sommerhauser is testifying for Bremerton, the other part of my district.

Mr. CHAPPELL. We are happy to have you with us today.

COMPETITION BETWEEN PUBLIC AND PRIVATE SHIPYARDS

Mr. DICKS. Let me ask Mr. Sommerhauser a question. A lot has been made by the administration about competition between public and private shipyards. But I think the point you are trying to make is, if we are going to have a competition, it has to be on a fair basis. A certain amount of overhead that a public shipyard has is because of the responsibility of maintaining an industrial base to deal with emergency work. This is because in a wartime situation, you don't want to have to go out and worry about competitive bids; you want to have a basic number of shipyards—eight now, which are there to handle work in a crisis or wartime situation.

Isn't your point that if you are going to make the two shipyards compete, public versus private, on who gets certain overhaul and repair work, you have to take out those overhead costs that are unique to the public shipyards?

Mr. SOMMERHAUSER. We aren't asking for any advantage, but we don't want to be at a disadvantage. If Navy can be constrained to address the costs on either side, where the other sector does not have a comparable cost and exclude them from our requirements in bidding, then we can truly compete.

If that is your direction, we would suggest to you that competition has the potential for savings, but if you consider the mobilization and arsenal view of the public and private shipyards, that somewhere at that base level competition may not work, you may have to—in order to maintain that base—you may have to assign in both sectors, and until DOD is ready to tell Congress what they consider that base is, we don't know how you can make a meaningful statement on it.

LOW-BALLING

Mr. DICKS. Your testimony expresses concern over low-balling in the competition between the public and private yards, a practice whereby some companies will bid low and expect to get well on change orders.

What protections would you suggest to guard against this practice?

Mr. SOMMERHAUSER. There are some built-in protections in the Naval shipyard system already. We operate under an accounting system that is Navy's own, so when Navy chooses to audit us they don't have to jump through hoops to figure out what we charge for. We are commanded by Naval officers who owe some allegiance to the Navy.

In addition, Eric has a couple of suggestions that may be beneficial in helping that.

Mr. **Warnquist**. One concept would be to establish an IG office. We recommend the possible establishment of an inspector general's office to monitor and enforce compliance with bid practice rules. That is one step we feel would go a long way in protecting all parties.

Mr. **Dicks**. Isn't it also difficult at times when you are doing an overhaul on a ship to know exactly what the work description is going to be? Because sometimes when you open a ship up you find out there is a lot more work that needs to be done than you thought. Doesn't that make it a little more difficult to move in the direction of firm-fixed price competitions like the Navy is attempting to do?

Mr. **Sommerhauser**. It does. One of the things, Eric's suggestion with an IG office that might help towards that problem, an IG office should have the horsepower to review against cost.

We should be able to establish—the Coopers Librand Report of the Naval shipyard that was contracted by Navy and produced emphasizes the fact that we should establish nominal work packages and price those and when work growth is the same as one of those work packages, we shouldn't pay more than what that price is. We have to police it more, but it is still going to be difficult.

When you say check out the oil lines on your diesel engine in your ship, that is your main propulsion and you get inside and find the pistons are gone; you have to take care of that matter. There is always gong to be that potential, but somehow we have got to maintain control better.

POST OVERHAUL AUDITS

Mr. **Dicks**. What role would post overhaul audits perform in determining the realism of bids both from the public and the private sector?

Mr. **Sommerhauser**. We think that that is a vital method towards identifying the low-balling as a bid technique and also towards validating our concepts of work packages. When we come in in advance and we say, do the oil lines on this diesel and every ship that we overhaul, we find bad pistons, then we ought to revise the work package and that post-overhaul audit would significantly help that idea.

PAST PERFORMANCE

Mr. **Dicks**. Should we consider past performance on the part of a contractor as a factor in determining future awards?

Mr. **Sommerhauser**. I think that is a vital factor, especially adverse past performance.

Mr. **Dicks**. The Packard Commission has criticized the DoD for putting too much emphasis on cost and competition and too little on quality. Based on your experience in the public sector, do you agree with that commission report?

Mr. **Sommerhauser**. We couldn't agree more. When the sailors are sailing the ship and it breaks down, that is where quality tells.

BID DATA INFORMATION

Mr. **Dicks**. You also mentioned the Freedom of Information Act concerns on bid data. Should we consider amendments to the Freedom of Information Act in order to guard against this potential problem?

Mr. **Sommerhauser**. That is a concern from the public and private sector, and I think some amendments on guidance on how to interpret the Freedom of Information Act would be helpful.

Both sectors are concerned about proprietary information in building our bids being released to the other sector. The private sector is concerned because Navy is adjudicating the acceptance of the bid. The public sector is concerned because we are afraid that the private sector can request under the Freedom of Information Act everything that we use to build the bid.

SHIP MANAGEMENT

Mr. **Dicks**. The Navy has indicated that it is implementing the recommendations of the Cooper's Lybrand Study to give more flexibility in ship management. Have you seen any evidence of such action at this point?

Mr. **Sommerhauser**. There has been some evidence in that we have at a minimum seen a Navy planning document that talks about studying implementations of those actions.

We have in the engineering community, in the Navy shipyards where we represent, seen some increase in freedom for us to do engineering work at the Naval shipyards and not have it second-guessed, but we have got a long way to go.

Mr. **Dicks**. But that is a positive direction that they should move?

Mr. **Sommerhauser**. It appears that Navy is looking to implement many of the Coopers-Lybrand recommendations.

Mr. **Dicks**. Thank you, Mr. Chairman.

Mr. **Chappell**. Mr. Young?

Mr. **Young**. Mr. Chairman, Mr. Dicks has very thoroughly inquired into the area that I was going to ask about, so I have no further questions.

Mr. **Chappell**. Thank you very much.

Mr. **Sommerhauser**. Thank you, Mr. Chairman. We appreciate the opportunity.

TUESDAY, APRIL 29, 1986.

NATIONAL MILITARY FAMILY ASSOCIATION

WITNESS

MARGARET VINSON HALLGREN, DIRECTOR OF LEGISLATIVE AFFAIRS, NATIONAL MILITARY FAMILY ASSOCIATION

INTRODUCTION

Mr. CHAPPELL. Our next witness is Ms. Margaret Vinson Hallgren, the National Military Family Association.

We are happy to have you with us today.

STATEMENT OF MS. HALLGREN

Ms. HALLGREN. Thank you, Mr. Chairman.

Mr. Chairman, the National Military Family Association, NMFA, appreciates this opportunity to testify again before this subcommittee on some of the problems facing military families, a very different subject from those preceding me.

I also want to apologize that in my written statement page 2 appears after page 7. Clerical support is not our strongest point.

Mr. CHAPPELL. We will put it in the right order.

Ms. HALLGREN. Today the military family is in trouble again. The pendulum is starting to swing away from the enhancement of the quality of life that was necessary to bring the military out of the depths of the late 1970s. There is today complete agreement on the high quality of our military force, and military spouses also are perhaps more educated, thoughtful and questioning.

There are warning signals today. Retention of careerists is no longer assured. Pay comparability has slipped to 8.3 percent behind the civilian sector. Policemen and firemen earn approximately 20 percent more over their lifetime than a comparable military member. The basic pay of a first lieutenant with two to three years service is less than that of the entry level police officer or teacher in the three Northern Virginia county/city jurisdictions.

With some exceptions, other ingredients of total compensation are also slipping in value. Some benefits have eroded already. Medical care for dependents and retirees too often is not available or affordable. The new Survivor Benefit Plan enacted last year is less favorable at some levels. Loss of the Cost of Living Adjustment in fiscal year 1986 represented inequitable treatment of Survivor Benefit Plan widows and of military retirees.

BENEFITS

Other benefits are perceived as eroding. Commissaries are constantly under attack, Permanent Change of Station reimbursement improvements are altered, and budget cuts impose additional hardships in the PCS area, to name a few. Perceptions today assume almost as much importance as the realities.

A non-benefit of particular concern to military families is the lack of dental care or of dental insurance coverage which is available to Federal government civilians and in the private sector.

Another distinct threat is the possible loss of the tax advantage of the mortgage interest deduction for military homeowners, which we will refer to later in this statement.

We in the military family recognize the economic crisis caused by the enormous Federal deficit and we are willing to accept a fair share of the solution. However, if the burdens outweigh the benefits, especially in a time when the economy is thriving, too many good service members will opt out. Senior officers and senior noncommissioned officers, our top leaders, are, for the most part, able to cope, although their compensation is far from commensurate with that of their civilian counterparts. It is the mid-level officers and enlisted members who are having the greatest difficulty, and it is they who must provide the future leadership.

We are pleased to come before this committee on behalf of military families and in support of the quality military force to which these families belong, to state some of the problems that can be alleviated by appropriations.

DENTAL PLAN

Military family members are not covered by any dental plan, although: 100 percent of other Federal employees are offered dental coverage;

100 percent of auto, steel, telephone and railroad workers have group dental coverage;

90 percent of Fortune 500 company employees have dental coverage.

The space available dental care in military facilities that was opened to family members on 1 July 1985 cannot meet the demands, in most CONUS facilities.

Surveys continue to show that lack of routine dental care is listed as a top priority problem. Service members whose families require orthodontic or other costly procedures face an extreme hardship which can often be a factor in their decision to stay in the service or leave it. We advocate future extension of a dental insurance plan to such other dental procedures, as are offered to Federal civilians and private sector employees.

The program managers who are preparing the cost-sharing dental program authorized in the fiscal year 1986 Defense Authorization Act are optimistic about its costs, to the government as well as to the service member. The fiscal year 1987 budget request is much less than had been anticipated, because the program would start well into the fiscal year.

NMFA considers it absolutely vital to appropriate fiscal year 1987 funds to start the dependents' dental insurance program.

MEDICAL CARE

Cost figures for the CHAMPUS Reform Initiative DOD is working on are not yet available, and DOD proposals are not yet firm. This initiative may not be a satisfactory solution to the enormous problems in the current system of health care delivery to the military community.

Of major concern to our military families is the difficulty of access to military facilities and the cost and deficiencies of CHAM-

PUS. Proper and affordable medical care is essential. NMFA is working with staff at DOD and both Armed Services Committees in trying to devise a truly viable alternative that will benefit all beneficiaries as well as the combat readiness of the military medical force.

While we cannot be specific at this time on dollar figures, we hope this committee will examine any request carefully and not make medical care an area for budget cutting.

PERMANENT CHANGE OF STATION

Military families were encouraged by the initiatives to improve permanent change of station reimbursements authorized for fiscal year 1986, even though there was no additional funding specifically for most of these improvements. We endorse the fiscal year 1986 funding for junior enlisted families' travel expenses and their increased weight allowances. Now we find the benefits eroding, only in part because of Gramm-Rudman-Hollings.

This committee and the Congress finally gave the authority in 1985 for the Temporary Lodging Expense entitlement for CONUS moves, which had been authorized several years before. In its 1986 PCS Report to Congress, DOD now is recommending that this entitlement be diminished, by computing it on the same basis as the Temporary Lodging Allowance overseas, despite the fact that TLA is available for sixty days and the TLE for only four.

Inadequate allowances do require military families to incur large out-of-pocket costs. DOD statistics have shown that 56 percent of military families need to borrow money or use savings for PCS moves, which occur every 2½ to 3 years, on average. Debt is a continual problem for many.

NMFA strongly endorses the DOD fiscal year 1987 request for funds to change the household goods weight allowances for service members with dependents. Weight standards have not increased in 20 years, and the DOD study found that at least 14 percent of the force ships household goods in excess of their allowance. A realistic adjustment of the weight limits would not eliminate all out-of-pocket costs, but it would go far toward reducing them.

DEPENDENT STUDENT TRAVEL

An inequity is faced by student family members of military personnel stationed in Alaska and Hawaii, for whom there still is no funded travel.

These students may already be in college before their sponsor's assignment to Alaska or Hawaii. If they transfer to schools in Alaska or Hawaii, they may lose college credits and/or lose their sources of financial aid, such as state grants or athletic or other scholarships. They must use limited space available travel or pay regular commercial air fares to and from their schools in the other 48 states.

Many academic majors are not offered in Alaskan and Hawaiian colleges; we can provide a list of them upon request.

Furthermore, Hawaiian schools limit nonresident admissions to 20 percent of the total enrollment, thus denying admission to many otherwise qualified military family member students.

NMFA supports funding for the expansion of the overseas student travel program to include members stationed in Alaska and Hawaii, as requested in the fiscal year 1987 DOD budget.

MORTGAGE INTEREST DEDUCTION

Although application of Internal Revenue Service Ruling 83-3 to the military or exemption of the military from it is not, at this time, an issue for the Appropriations Committee, it is of utmost importance to military families. If the deduction for mortgage interest and real estate taxes should be eliminated for the military homeowner, either by decision of the IRS to apply the ruling after 1 January 1987 or by elimination of all itemized deductions in a tax reform package, this would become a matter of concern to the Appropriations Committees of the Congress.

Tax advantages now are an integral part of military compensation. Increased pay would certainly be required to offset the effect of the resulting 3 percent to 5 percent pay cut for 300,000 military homeowners. The need for base housing would increase, also involving large appropriations.

COLA

In 1963, Public Law 88-132 provided that Cost of Living Adjustment increases to military retired pay would not require further congressional sanction for the increase to take effect on time. House Armed Services Committee prints since that time have stated guarantees that the military retiree would be protected against erosion of his pay by Consumer Price Index increases.

Gramm-Rudman-Hollings did, in fact, deny the COLA for fiscal year 1986 to military and Federal civilian retirees and their survivors, while it provided a COLA for social security recipients and for "veterans." This burden is truly inequitable.

There are approximately 1.4 million military retirees who are veterans, too.

A large majority of the veterans registered with and paid by the Veterans Administration, and receiving their COLA, are not disabled to the extent of being unemployable.

More than half of military retirees receive less than $10,000 retired pay annually; their COLA was suspended. Three quarters of military retirees are enlisted; only five percent are Colonels/Captains or above about whose "lavish" retirement pay the media, especially is so critical.

The broken commitment to Survivor Benefit Plan participants is an even more glaring inequity. Retirees who enroll in the Survivor Benefit Plan thereby elect a significant reduction in retired pay to ensure the annuity for their survivors with the expectation of the guaranteed inflation protection that made SBP a superior alternative to commercial insurance policies.

At present there are over 104,000 survivors receiving SBP annuities, and their average monthly payment is $463. A relatively small COLA is a big help to those receiving so little. The promised, denied COLA for fiscal year 1986 would have cost the government only $13.1 million.

The refusal of Congress and the Administration to honor its COLA commitment is perceived as a breach of faith with the service member. If allowed to run its course during the five-year period of Gramm-Rudman-Hollings, the purchasing power of military retirees and their survivors will erode about 22 percent.

Indications are that payment of the COLA to all retirees will be included in the fiscal year 1987 budget resolutions of both Houses of Congress.

NMFA urgently requests complete restoral of the COLA on military retired pay in fiscal year 1987.

FAMILY PROGRAMS

NMFA supports full appropriation for the operation and maintenance accounts that provide for the family support centers. It is essential to continue and expand their many programs crucial to the military family, such as family member employment, youth services and relocation assistance. Child care centers also must be fully protected.

In summary, cost cutting in military personnel accounts certainly does provide up-front savings. Such savings at the expense of the service member and his family are shortsighted, however. These savings, and the lack of faith in Congress' resolve and ability to honor commitments, as with the COLA, undoubtedly will influence retention decisions. Replacement training costs and additional enticements for personnel to remain in the service will result in even higher defense costs in a future perhaps not too far distant.

We do not wish to see adverse factors combine to overtake that marvelous motivation to serve.

Beyond our apprehension about the retention of a quality military force, we are dedicated to the welfare and well being of each family member. NMFA hopes that members of the Appropriations Committee share these concerns and will act on them when making budgetary decisions.

Thank you for this opportunity to testify.

Mr. CHAPPELL. Thank you for calling these things to our attention and that is a very, very fine statement on a very important subject.

Mr. Dicks?

Mr. DICKS. As somebody coming from a district where we have Fort Lewis and McChord Air Force Base and Puget Sound Shipyard, these are really very important questions that you have raised. I urge you to make sure you get your point of view across to the Budget Committee and the authorization committee. The Appropriations Committee comes up last in this process much to the chagrin of members of this committee.

We come late in the process, so it is really important for you to make sure the Budget Committee, for example, knows about these concerns, because they are the ones that are fashioning the overall defense number at this point and then the authorization and appropriations committees come behind that.

This committee has taken a particular interest in trying to deal with some of the problems in the delivery of medical care by adding funds last year in the budget to provide more health care personnel at our Army hospitals. Some of the deficiencies have been noted in various reports. When you look at the increase in the cost of malpractice suits and the liability to the government, it seems that trying to improve these health care programs is a much better way to invest the government's money. I think you properly point out some of the areas of concern.

Ms. HALLGREN. I will say that a member of NMFA is going to testify on medical care in the Senate Armed Services Committee later this week, and that we are working with the staffs of both Armed Services Committees in the authorization process also.

CHILD CARE CENTERS

Mr. DICKS. One thing I would ask you about. Many times when you have younger couples who wind up getting married and one of them is in the service away from home and they have small children, we have found at least in our area that for those women with very small children who don't have a family that they can turn to, that is a very difficult time.

What does your group think we could do or the government could do, or the services could do to better help these people who have small children? We wind up with child abuse, all kinds of problems because of it?

Ms. HALLGREN. I think the child abuse is a reflection of a lot of these other problems coming together and the frustrations that these people feel in part.

Child care centers are very important. The spouse employment is a very big issue because more of the service people are married. There are more spouses, not only the ones who want to work, but the ones who really absolutely have to work whether they have small children or not, and we are hoping that the preferences given to spouses in Federal employment this year in the authorization act will go down a little bit in the grade level.

Last year it was authorized for GS-8 and above, and there are not that many who will qualify. We would like to see more help for spouses who could get a GS-1 through 7 preference. And in the medical area we are finding that many of the young ones cannot afford the CHAMPUS copayment, and deductibles, and so they are simply going without medical care in many cases. So the issues are tied together.

Mr. DICKS. Thank you again for a very good statement.

Mr. CHAPPELL. Mr. Young?

Mr. YOUNG. I would like to thank Mrs. Hallgren for an excellent presentation and assure her that this committee shares her concerns, and that we are constantly alert for being of service when we can in the problem areas that you mention.

Thank you for being here today.

Ms. HALLGREN. We appreciate that.

Mr. CHAPPELL. Thank you for a very fine presentation and the committee will stand adjourned until 10 o'clock tomorrow morning.

[CLERK'S NOTE.—Additional material was provided for the record by the National Military Family Association. This material follows Ms. Hallgren's prepared statement.]

National Military Family Association, Inc.

2666 Military Road, Arlington, Virginia 22207
703 - 841-0462
703 - 841-0121

RECORD VERSION

STATEMENT OF
MARGARET VINSON HALLGREN

DIRECTOR OF LEGISLATIVE AFFAIRS
THE NATIONAL MILITARY FAMILY ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON DEFENSE
APPROPRIATIONS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 29, 1986

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, Active Duty, Guard and Reserve and Retired, and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members.

Today, the military family is in trouble once more. The pendulum is starting to swing away from the enhancement of the quality of life that was necessary to bring the military out of the depths of the late 1970s. There is complete agreement now on the high quality of the current military force. Military spouses, also, are educated, thoughtful and questioning.

In no way do we underestimate the motivation to serve this country. Also, service members and their families enjoy the way of life to a large degree; they appreciate the opportunities it offers them and that feeling of belonging to the larger family: the military community.

Warning signals are present, however. Retention of careerists at the mid-career point is not assured. Pay comparability has slipped and now is 8.3% behind the civilian sector. Policemen and firemen will earn approximately 20% more than a comparable military member over a lifetime. The basic pay of a 1st Lieutenant with two to three years service is less than that of the entry level police officer or teacher in the three Northern Virginia county/city jurisdictions.

With some exceptions, other ingredients of the total compensation package are also slipping in value. Some benefits have actually eroded already. Medical care for dependents and retirees too often is not available or affordable. The new Survivor Benefit Plan enacted last year is less favorable at some levels. Loss of the Cost of Living Adjustment in FY 86 represented inequitable treatment of Survivor Benefit Plan widows and of military retirees.

Other benefits are perceived as eroding, and perceptions today assume almost as much importance as the realities. Commissaries are constantly under attack, Permanent Change of Station reimbursement improvements are altered, and budget cuts impose additional hardships in the PCS area, to name a few.

One non-benefit of particular concern to military families is the lack of dental care or of dental insurance coverage which is available to federal government civilians and in the private sector.

Another distinct threat is the possible loss of the tax advantage of the mortgage interest deduction for military homeowners, which we will refer to later in this statement.

We, in the military family, recognize the economic crisis caused by the enormous federal deficit and we are willing to accept a fair share of the solution. However, if the burdens outweigh the benefits, especially in a time when the economy is thriving, too many good service members will opt out. Senior officers and senior non-commissioned officers - our top leaders - are, for the most part, able to cope, although their compensation is far from commensurate with that of their civilian counterparts. It is the mid-level officers and enlisted members, generally, who are having the greatest difficulty, and it is they who must provide the future leadership.

We are pleased to come before this committee on behalf of military families and in support of the quality military force to which these families belong, to state some of the problems that can be alleviated by appropriations.

DEPENDENT DENTAL CARE PROGRAM

Military family members are not covered by any dental plan, although:

- o 100% of other federal employees are offered dental coverage,
- o 100% of auto, steel, telephone and railroad workers have group dental coverage,
- o 90% of "Fortune 500" company employees have dental coverage.

The space available dental care in military facilities that was opened to family members on 1 July 1985 cannot meet the demands in most CONUS facilities.

Surveys continue to show that lack of even routine dental care is a top priority problem. Service members whose families require orthodontic or other costly procedures face an extreme hardship which often can be a factor in their decision to stay in the service or leave it. We advocate future extension of a dental insurance plan to such other dental procedures, as are offered to other federal civilian and private sector employees.

The program managers who are preparing the cost-sharing dental program for active duty families authorized in the FY 86 Defense Authoriztion Act are optimistic about its costs, to the government as well as to the service member. The FY 87 DoD Budget request is much less than had been anticipated, because the program would start well into the fiscal year.

NMFA considers it absolutely vital to appropriate FY 87 funds to start the dependents' dental insurance program.

MEDICAL CARE

Cost figues for the CHAMPUS Reform Initiative DoD is working on are not yet available, and the DoD proposals are not firm. This "initiative" may not be a totally satisfactory or long-range solution to the enormous problems in the current system of health care delivery to the military community.

Of major concern to our military families is the difficulty of access to military facilities and the cost and deficiencies of CHAMPUS. Proper and affordable medical care is essential. NMFA is working with staff at DoD and both Armed Services Committees in trying to devise a truly viable alternative that will benefit all beneficiaries as well as the combat readiness of the military medical force.

While we cannot be specific at this time on dollar figures, we hope this committee will examine any request carefully and will not make medical care an area for budget cutting.

PERMANENT CHANGE OF STATION

Military families were encouraged by the initiatives to improve Permanent Change of Station (PCS) reimbursements authorized for FY 86, even though there was no additional funding specifically for most of these improvements. (We applaud the FY 86 funding for junior enlisted families' travel expenses and increased weight allowances.) Now we find some benefits eroding, and only in part because of Gramm-Rudman-Hollings.

The Appropriations Committees and the Congress finally gave the authority in 1985 for the Temporary Lodging Expense (TLE) entitlement for CONUS moves, which had been authorized several years before. In its 1986 PCS Report to Congress, DoD now is recommending that this entitlement be diminished, by computing it on the same basis as the overseas Temporary Lodging Allowance (TLA), despite the fact that TLA is available for sixty days and the TLE for only four days.

Inadequate allowances require military families to incur large out-of-pocket costs. DoD statistics have shown that 56% of military families need to borrow money or use savings for PCS moves, which occur every two and a half to three years, on average. Debt is a continual problem for many.

NMFA requests funding in FY 87 for the double, two-months BAQ, dislocation allowance that was authorized in the FY 86 Authorization Act.

NMFA also strongly endorses the DoD FY 87 request for funds to change the Household Goods weight allowances for service members with dependents. Weight standards have not increased in twenty years, and the DoD Study found that at least 14% of the force ship household goods in excess of their allowance. A realistic adjustment of the weight limits would not eliminate all out-of-pocket costs, but it would go far toward reducing them.

EXTENSION OF OVERSEAS STUDENT TRAVEL PROGRAM

An inequity is faced by student family members of military personnel stationed in Alaska and Hawaii, for whom there still is no funded travel.

These students may already be in college before their sponsor's assignment to Alaska or Hawaii. If they transfer to schools in Alaska or Hawaii, they may lose college credits and/or lose their sources of financial aid, such as state grants or athletic or other scholarships. They must use limited space available travel or pay regular commercial air fares to and from their schools in the other forty-eight states.

Many academic majors are not offered in Alaskan and Hawaiian colleges; NMFA can provide a list of them upon request.

Furthermore, Hawaiian schools limit non-resident admissions to 20% of the total enrollment, thus denying admission to many otherwise qualified military family member students.

NMFA requests funding for the expansion of the overseas student travel program to include members stationed in Alaska and Hawaii, as requested in the FY 87 DoD Budget.

IRS RULING 83-3

Although application of Internal Revenue Service Ruling 83-3 to the military or exemption of the military from it is not, at this time, an issue for the Appropriations Committee, it is of utmost importance to military families. If the deduction for mortgage interest and real estate taxes should be eliminated for the military homeowner, either by decision of the IRS to apply the ruling after 1 January 1987 or by failure of a tax reform package, this would become a matter of concern to the appropriations committees of the Congress. Tax advantages now are an integral part of military compensation. Increased pay certainly would be required to offset the effect of the resulting 3% to 5% pay cut for 300,000 military homeowners. The need for base housing would increase, also, involving large appropriations.

COST OF LIVING ADJUSTMENT

In 1963, Federal Statute PL 88-132 provided that Cost of Living Adjustment (COLA) increases to military retired pay would not require further Congressional sanction for the increase to take effect on time. House Armed Services Committee Prints since that time have stated guarantees that the military retiree would be protected against erosion of his pay by by Consumer Price Index increases.

Gramm-Rudman-Hollings did, in fact, deny the COLA for FY 86 to military and federal civilian retirees and their survivors, while it provided a COLA for Social Security recipients and for "veterans". This is truly inequitable.

There are approximately 1.4 million military retirees who are veterans, too.

A large majority of the veterans registered with and paid by the Veterans Administration - and receiving their COLA - are not disabled to the extent of being unemployable.

More than half of military retirees receive less than $10,000 in retired pay annually; their COLA was suspended. Three quarters of military retirees are enlisted; only 5% are Colonels/Captains or above about whose "lavish" retirement the media, especially, is so critical.

The broken commitment to Survivor Benefit Plan participants is an even more glaring inequity. Retirees who enroll in the Survivor Benefit Plan thereby elect a significant reduction in retired pay to ensure the annuity for their survivors with the expectation of guaranteed inflation protection. That protection has made SBP a superior alternative to commercial insurance.

At present, more than 104,000 survivors are receiving SBP annuities, and their average monthly payment is $463. A relatively small COLA is a big help to those receiving so little. The promised, denied COLA for FY 86 would have cost the government only $13.1M.

The refusal of Congress and the Administration to honor its COLA commitment is perceived as a breach of faith with the service member. If allowed to run its course during the five year period of Gramm-Rudman-Hollings, the purchasing power of military retirees and their survivors will erode by about 22%.

Indications are that the COLA for all retirees will be included in the FY 87 Budget Resolutions of both houses of Congress.

NMFA urgently requests complete restoral of the COLA on military retired pay in FY 87.

FAMILY PROGRAMS

NMFA supports full appropriation for the Operation and Maintenance accounts that provide for family service and support centers. It is essential to continue and expand their many programs that are so vital to families, such as family member employment, youth services and relocation assistance. Child care centers also must be fully protected.

In summary, cost cutting in military personnel accounts does provide up-front savings. Such savings made at the expense of the service member and his family are short-sighted, however. Such savings, and the lack of faith in Congress' resolve and ability to honor commitments (as with the COLA) undoubtedly will influence retention decisions. Replacement training costs and additional enticements for personnel to remain in the service will result in even higher defense costs in a future perhaps not too far distant.

We do not wish to see adverse factors combine to overtake the marvelous motivation to serve this country.

Beyond our apprehension about the retention of a quality military force, we are dedicated to the welfare and well-being of each individual family member. NMFA hopes that members of the Appropriations Committee share these concerns and will act on them when making budgetary decisions.

Thank you for this opportunity to testify on some of the problems facing the military family today.

NATIONAL MILITARY FAMILY ASSOCIATION

ADDITIONAL STATEMENT TO THE

SUBCOMMITTEE ON DEFENSE

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

May 14, 1986

The National Military Family Association (NMFA) appreciates the opportunity to expand on its testimony of 29 April 1986.

PL 81-874 (30 September 1950), commonly referred to as Impact Aid, provides for compensation to local public school districts for losses in tax revenues due to the presence of military activities. Since 1950, the program has expanded to include students other than military dependents.

Category "B" Impact Aid funds support the public education of approximately 318,000 military dependents whose parents reside or work on federal property. These dependents comprise only 14.8% of students eligible for category "B" Impact Aid funds. Over the years, funds for category "B" have been drastically reduced so that in 1985, only $23 per pupil was paid towards a national per pupil average cost of $3086.

NMFA urges full appropriation of category "B" Impact Aid funds for military dependents. This should not be at the expense of payments for category "A" students.

Taxes that support local schools, although varying from state to state and district to district, come from a number of sources:

1. *Residential taxes from homes with children*
2. Residential taxes from homes without children
3. Property taxes from business and industry
4. Sales tax
5. Income tax
6. Licenses and fees
7. Personal property tax

The Soldiers and Sailors Civil Relief Act of 1940 enables the service member to avoid undue taxation (income, licenses, personal property) as a result of his or her military duty. While military personnel living in the community do pay real estate taxes in the form of a house payment or rent, local revenue is often denied from the other sources.

Many States are at a serious tax disadvantage. For example, 95,000 military personnel are stationed in North Carolina and use North Carolina schools, but North Carolina collects income taxes from only 55,000 military personnel stationed worldwide who claim North Carolina as the domiciliary state.

The Soldiers and Sailors Civil Relief Act also applies to the payment of personal property taxes levied by State and local governments. For example, the Bellvue School District surrounding Offut AFB, Nebraska (in which 65% of the students are federally connected), lost $6 million in 1985 because military personnel do not pay vehicle ownership fees. In Clarksville-Montgomery County, surrounding Ft. Campbell, Kentucky, the school district lost $688,000 in property tax revenue, $787,500 in sales tax revenue, and $447,600 in vehicle revenue.

Nationwide, losses to the States in general sales taxes, cigarette taxes and alcohol taxes, which are not collected at military commissaries, exchanges, clubs and liquor stores, are estimated to be $400 million annually.

If category "B" Impact Aid funds are not appropriated for military dependents, many localities may be forced to raise taxes or cut back on educational services. This could put a strain on the relationship between military bases and their surrounding civilian communities.

NMFA urges Congress to return to the original intent of the Impact Aid Law, which is compensation to local communities in payment for public education of military dependents whose parents, because of their military service, are exempt from contributing their full share of the local tax burden.

[CLERK'S NOTES.—The following material was submitted for the record by the Reserve Officers Association of the United States:]

Statement of

Colonel C. Judson Lively, Jr., USA (Ret.)

Acting Executive Director

Reserve Officers Association of the United States

Before the

Subcommittee on Defense

House Committee on Appropriations

Concerning FY87 Defense Appropriations

29 April 1986

Reserve Officers Association of the United States

National Headquarters ● 1 Constitution Avenue, N.E.
Washington, D.C. 20002
202/479-2200

Statement of Colonel C. Judson Lively, Jr., United States Army (Retired), Acting Executive Director, Reserve Officers Association of the United States before the House Appropriations Subcommittee on Defense concerning FY86 Defense Appropriations -- 29 April 1986

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before the Committee. On behalf of the Reserve Officers Association, I wish to extend our thanks for this opportunity.

In past years, ROA has recommended Congressional action to provide better and more modern equipment for Reserve Forces as an economical way to maintain adequate armed forces in a dangerous world. That philosophy is just as valid today, and the wisdom of action along these lines is now obviously apparent.

It is well known that Reserve Forces are the most economical source of units when they are properly equipped and trained. At a time when the Defense Budget is under heavy attack, it would appear to be appropriate to increase reliance on Reserves, and that means providing them with suitable equipment.

We wish to thank the Congress for the significant gains made in modernizing the equipment of the Reserve forces during the past five years. To a large extent, this has been the result of Congressional initiatives, not Pentagon budget requests. We are concerned that in the face of severe budget constraints, the Reserve forces will be expected to accept an across the board "share" of cuts, while at the same time assuming more missions. It is our contention that the Reserve forces should receive more funds when the active force is cut, not less. Traditionally, force structure is transferred to the Reserves to preserve it for future contingencies, but in a less expensive component. The saving is made by placing it in the Reserve. However, mission transfers are not always accompanied by essential manpower required to effectively manage force growth, nor the equipment necessary to assure maintenance of combat capability, nor the funding to train the force to required readiness levels. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve as for the active forces, combat capability and readiness must suffer. We urge the Congress to recognize the inherent savings in the Reserve force structure and to assure that essential manpower, equipment and operating funds be appropriated to preserve the required combat capability for the Total Force.

ARMY RESERVE

The "Posture of the United States Army for FY87", by The Hon. John O. Marsh Jr., Secretary of the Army and GEN John A. Wickham, Jr., Chief Staff, Army, states:

> "The Army relies more than ever before upon its Reserve Components (RC) to meet today's challenges and to counter tomorrow's threats. Our experience in many parts of the world clearly reinforces the importance of the reserves if the Army is to achieve its goal of deterring war. Focusing the Army National Guard (ARNG) and U.S. Army Reserve (USAR) on appropriate missions and providing them necessary suppport have made these forces better prepared to meet their wartime commitments today than at any previous time in peacetime history. Through their improved readiness they serve today as fully contributing partners in the Army's mission of deterring war."

The United States Army Reserve in FY85 exceeded expectations of the troop unit end strength by more than 6,300 personnel. With an increased recruiter force at the beginning of the fiscal year, the Army Reserve should achieve a FY86 paid drill end strength of 285,178. ROA strongly supports the FY87 budget requests of a paid drill end strength of 299,229. These increases will improve readiness of the Army Reserve to the extent that additional missions could be assigned to the USAR, thus freeing Active Army personnel for other missions.

The Army Reserve's ability to meet these desired strength levels will be highly dependent upon the resources provided to the Selected Reserve Incentive Program (SRIP); therefore, ROA fully supports the enlistment and reenlistment incentives programs for the Reserve. Such programs are extremely important in light of the declining pool of non-prior service manpower.

ROA encourages Congressional support of the Army Reserve strength of the Active Guard/Reserve (AGR) program. The FY87 projected AGR end strength of 13,657 will imporve the Army Reserve mobilization readiness. These full-time personnel make it possible for drilling Reservists to have more training time available and participate in more realistic exercises. The military technicians are a vital element of the full-time personnel and an increase of about 2,000 is needed.

ROA was pleased to see the full development of the Army Reserve Personnel Center (ARPERCEN) as a Field Operating Agency of the Office of the Chief, Army Reserve. ARPERCEN is challenged to maintain, and increase, the proficiency of the over 310,000 Individual Ready Reserve (IRR). The Army IRR is the nation's largest pool of deployable, pretrained individual personnel and requires a broad range of meaningful and realistic training. These soldiers are available for mobilization to bring the total Army to its wartime strength. To ensure continued strength maintenance in the IRR, ROA recommends Congressional authorization and funding for all IRR programs.

ROA continues to support the USAR Individual Mobilization Augmentee (IMA) program. IMA's are members of the Selected Reserve assigned to units of the Active Army and other agencies. IMA personnel fill vacancies that are not authorized in peacetime but become critical upon mobilization.

The "key" to combat readiness is training. ROA supports the increased funding of the numerous training programs. The Overseas Deployment Training (ODT) program ensures realistic training. Army Reserve participation in joint exercises such as REFORGER, WINTEX, TEAM SPIRIT, BRIGHT STAR and BLAZING TRAILS should be increased. ODT is an enhancement for retention and is extremely cost effective. School training requirements for Army Reservists are increasing. Funding growth rate should be supported to imporve specialty skill qualification rates to maintain required standards of proficiency with new systems and technology. The USAR has an essential need of increased equipment for training. The Army Reserve troop program units have identified more training requirements, and the need for Additional Training Assemblies requires a strong demand for additional maintenance floats. Training devices and simulators for the Army Reserve are vital to the unique support heavy structure.

The Congressionally directed Dedicated Procurement of Equipment for the Army Reserves has made significant progress in readiness the past few years. These critical items of equipment are essential to increase the actual war fighting ability of the Army Reserve. ROA strongly supports the Dedicated Procurement program and encourages Congress to fund to the maximum of the authorization.

The United States Army Reserve is the largest of all the Reserve Components. The over 600,000 personnel in the Army Reserve are approximately 38 percent of the total Army strength. The Navy, with a Naval Reserve of less than 120,000 strength, has reinstated the Chief, Naval Reserve as Vice Admiral. ROA recommends the Chief, Army Reserve be elevated to a commensurate rank. This would clearly focus on the importance of the Army Reserve to National Security and the Army's mission of deterring war.

NAVAL RESERVE

As ROA has often stated during the last few years, the support and direction provided by Secretary Lehman and the CNO, Admiral Watkins, have led the way in significantly upgrading the Naval Reserve as a fighting force. The Navy is to be highly commended for these initiatives. Several years ago, the Navy's support for, and appreciation of, the Naval Reserve was, for all practical purposes, non-existent. While problem areas still exist, tremendous strides have been made during the past few years. ROA strongly urges continued Congressional support for the Naval Reserve initiatives contained in the FY87 budget request.

PERSONNEL

The Administration proposal to attain 127,328 Selected Reserve (Category A) end strength by the end of FY87 is strongly supported by ROA. This number represents an increase of 9,119 (seven percent) over FY86 and will put the Naval Reserve paid strength at 97.5 percent of wartime requirements. The current Navy plan calls for a Category "A" Selected Reserve strength of 136,738 by the end of FY91, an increase of over 37,000 from the plan submitted four years ago. A truly remarkable turnaround!

Accordingly, ROA strongly urges approval of the Reserve Personnel Navy (RPN) funding request of $1.528 billion which will support an FY87 Naval Selected Reserve (Category A) end strength of 127,328, (average-strength, 121,392).

Even with increased personnel strength in the Naval Reserve, the manning of high priority units, particularly the NRF ASW ships, remains a problem. A significant contributing factor to the manning problem is the rigorous training and long hours spent by the Reserve crew when the NRF ship goes to sea for the entire weekend, leaving port Friday night in many cases. In contrast, most drilling Reservists perform eight hours of drill on Saturday and eight hours on Sunday. They are free to return home, or whatever, during non-drill hours. In addition to the eight hours of training which takes place during the working day, watches must be stood around the clock when the ship is at sea. For this relatively arduous duty, the NRF Reserve crew member receives no incentive, except the "joy of going to sea." Even with mandatory assignment, Naval Reserve frigate SELRES manning, as of December 1985, was only 87.3 percent. The high turnover rate, which currently occurs on NRF ships, further exacerbates the problem.

Accordingly, the Navy has included proposed legislation to amend 37 USC, "...to authorize payment of incentive pay to enlisted personnel of the Selected Reserve who participate in certain units as designated by the Secretary of a Military department..." This proposed legislation would provide incentive pay of up to $10 per drill to those enlisted Reservists in units so designated--which would amount to $40-$50 per drill weekend. Such an additional amount seems somewhat minimal in today's economy; however, a study conducted by the National Defense University indicates that a $10 per drill incentive would significantly improve drill attendance and increase NRF ship readiness. With the steadily increasing number of modern, front line ships entering the Naval Reserve, creating even greater reliance on the NRF, full manning of these ships is a most critical need.

This incentive was approved by the House last year but fell out in the Authorization Joint Conference. ROA again strongly urges passage of this legislative proposal and also recommends that the requested FY87 funding level of $2 million be approved.

The FY87 RPN budget submission also requests an increase of full time support active duty (TAR, TEMAC, & 265 Recall) personnel from the FY86 level of 19,010 to 23,197. This increase of 4,187 represents necessary support for the rapidly growing Selected Reserve force; increased Reserve recruiting requirements; the growing ASW frigate program (mandated by Congress to be manned approximately 50 percent TAR - 50 percent SELRES); and aircraft squadron transitions to new, more sophisticated aircraft. (The FY87 growth request appears somewhat exaggerated because FY86 Congressional action approved 500 FTS fewer personnel than requested.) ROA recommends that this requested increase in full time support personnel be approved.

Along with this increase in full time support personnel, ROA also recommends approval of the requested TAR Selective Reenlistment Bonus. This bonus will be targeted at expanded ratings for NRF ships. While it will provide greater equity with USN shipmates serving on the same NRF ships, the amounts paid will still be less than that given USN personnel, since the NRF ships do not deploy. Such a bonus must be approved if the enlisted TAR community is going to attract the critical ratings necessary for Reserve ship and aircraft squadron manning.

While not debating the pros and cons of various full-time management programs -- AGR, Technician, TAR, etc.; ROA, nevertheless, recognizes the fact that the TAR program is far different from the other full-time management programs. True, enlisted TARs do not normally deploy overseas; however, they do go to sea and are subject to routine re-assignments, with accompanying PCS moves, as are their Regular Navy counterparts. In no sense of the word can TARs be considered "Homesteaders!" Accordingly, when bonuses and other incentives for full-time support (FTS) personnel are debated, the differences in TAR assignment policies, from those involving other FTS personnel, should be recognized. Enlisted TARs in high technology and mobility ratings will be readily marketable in the private sector.

Accordingly, ROA is convinced that, as with their Regular Navy counterparts, bonuses and other incentives will have to be paid to retain these personnel in the quality and quantity required.

As was the case with the $10 per drill incentive pay, a TAR Selective Reenlistement program was approved by the House in FY86, but fell out during Joint Conference deliberations.

One final personnel item involves HR 1441, introduced by Congressman Montgomery on 8 March 1985, added as a floor amendment to the FY86 Senate DOD Authorization Bill, but dropped during Joint Conference. ROA strongly supports the intent of this bill which would authorize an increase in the maximum number of Deputy Chiefs of Naval Operations (DCNO) from six to seven in order to provide for a DCNO (Naval Reserve). ROA is absolutely convinced that this change is essential to institutionalize the gains that the Naval Reserve has made over the past six years -- gains made primarily because of the personal efforts of the current Secretary of the Navy and the current CNO. Such an organizational chance would enhance the ability of the incumbent, regardless of personalities, to obtain support for the Naval Reserve within the Navy, particularly during budget development.

It should be noted that such an increase in the number of DCNOs will not increase the total authorized number of flag officers or the number of three star or above authorizations for the Navy. This "red herring" kept surfacing last year during Congressional discussions and probably led to the defeat of the proposal during the FY86 Authorization Joint Conference.

ROA would hope that such assurances, coupled with the fact that the incumbent is now a Vice Admiral, would suffice and that this necessary organizational change would be passed, or included in the DOD Authorization Bill, this year.

ROA considers this measure necessary, regardless of the final outcome of overall JCS/DOD reorganization efforts.

NRF FRIGATES/LAMPS I HELICOPTERS

The Navy plan to transfer modern, mission capable frigates to the Naval Reserve is proceeding on schedule. By 1990, eight FF-1052 Knox class and eighteen FFG-7 Perry class frigates will be in the NRF. Currently, six Knox Class and five Perry Class frigates are in the NRF, with four more Perry Class scheduled to transition to the NRF later this year.

One must remember, however, that the FFG-7s were developed as the low end of the high-low mix. They're merely platforms with questionable capability of performing any mission without retrofitted sensors and weapons. These frigates are "programmed" to receive the AN/SQR-18 Tactical Towed Array Sonar System (TACTAS) and the LAMPS I ASW helicopter.

After a somewhat shaky start in earlier years, LAMPS and TACTAS finally appear to be on track for the NRF frigates. Secretary Weinberger has stated that all NRF FF-1052s and FFG-7s would receive LAMPS/TACTAS, and, in fact, the FY87 budget submission contains funding requests for six LAMPS I helicopters and two SQR 18-AV2 "tails" for NRF ships.

This "retrofitting" is critical to ASW mission capability. Accordingly, we ask that the Congress approve the FY87 request and continue to monitor closely the LAMPS/TACTAS program for the Naval Reserve frigates to ensure full compliance with Secretary Weinberger's promise.

COMBAT SEARCH AND RESCUE; LIGHT ATTACK HELICOPTER

The only Combat Search and Rescue (CSAR) capability in the Navy rests in the Naval Reserve with aircraft which are approaching an average age of 25 years and are not survivable against today's threat. The Congress, recognizing this weakness in our warfighting capability, added $12 million in FY 1985 and $25 million in FY 1986 for a total of six HH-60 aircraft for the Naval Reserve combined Combat Search and Rescue and Light Attack Helicopter (HAL) mission. However, the funding appropriated for the first six helicopters will, essentially, buy only "off the shelf" aircraft. With the RFP recently issued, it has become obvious that additional funding will be necessary to procure the fully "marinized" aircraft necessary to accomplish the CSAR and HAL missions. The Navy estimates the required additional funding to be $23 million.

In accordance with the Congressional recognition of and support for this program during FY 1985 and FY 1986 deliberations, ROA strongly recommends that this vital modernization program be continued and that $23 million additional funding be approved for the purchase of six CSAR/HAL fully marinized helicopters.

MARITIME PATROL AIRCRAFT

Last year the CNO stated that introduction of the P-3C into the Naval Reserve Force was a high priority consideration. In conjunction with this statement, the Navy proposed a well conceived plan to accomplish this program. The Navy should be highly commended for expanding the policy of horizontal equipment integration into the Maritime Patrol community. Such action is fully supportive of Secretary Weinberger's stated policy of, "First to fight, first to be equipped."

The P-3C, Update III, is the primary airborne ASW system currently in the inventory. However, continued procurement of the P-3C ran into significant Congressional problems last year, both in the Authorization and Appropriations process. Cost escalation and "VPX" appeared to be the major contentious issues. In the FY 1986 Continuing Resolution, Congress finally funded procurement of nine P-3 aircraft (six for the Naval Reserve). Advance procurement money was also approved.

ROA is concerned about the future of the Maritime Patrol mission. Clearly, there is much Congressional concern, and possibly confusion, about continuation of the P-3C program. However, at least last year, there appeared to be a real danger that Congress might direct termination of P-3C procurement based on two very suspect conclusions:

(1) VPX is the maritime patrol aircraft of the future. Accordingly, we should not procure additional P-3Cs.

(2) The gap between now and VPX can be effectively bridged by retrofitting existing airframes, which the Navy has in sufficient quantity to meet Total Force requirements.

The Navy has now backed away from VPX. The current Navy thinking is that the P-3C, Update III, will be followed by P-3D, Update IV. While this new aircraft will be subject to competitive bidding, it will not be radically different, rendering obsolete the P-3C. Also, as was pointed out during final deliberations last year, the current inventory of airframes does not satisfy Total Force requirements -- it is 54 airframes short!

Continued production of P-3C aircraft and incorporation of planned improvements in the P-3C appear to be the most cost effective short and long term solution to meeting the Navy's maritime strategy. The existing plan should, in no case, be arbitrarily halted by the Congress until acceptable alternative plans have been fully developed and scheduled for implementation in an orderly manner. Degradation of the Maritime Patrol mission, in face of the Soviet submarine threat, cannot be accepted.

In the strongest possible terms, ROA urges that Congress support the Navy plan for introduction of P-3C aircraft into the Naval Reserve and approve the procurement of the nine P-3C, Update III, aircraft requested in the FY 1987 budget.

A-6E INTRUDER ATTACK AIRCRAFT

FY 1986 Congressional action added five A-6Es to the six requested and directed that all eleven be placed in the Naval

Reserve. Congress also directed that the Navy procure eleven A-6Es in FY 1987, also for the Naval Reserve. The Navy's FY 1987 budget request reflects this guidance.

The Navy now plans to convert one light attack squadron in each Reserve Carrier Air Wing to medium attack configuration, one in FY 1989 and one in FY 1990. The aforementioned A-6E procurement direction has made this possible. Without the A-6E, the Naval Reserve has no all weather, medium attack aircraft. Neither would compatability with fleet carrier air wings be possible without introduction of A-6Es.

ROA strongly supports this initiative and recommends that the eleven A-6E aircraft requested for the Naval Reserve in FY 1987 be authorized.

ARAPAHO

Previously, most of the discussion about ARAPAHO concerned a convoy protection program which places ASW helicopters on board merchant ships, although it was also noted that the concept is adaptable to other missions, such as mine countermeasures. Nevertheless, despite continuing Congressional interest, the Navy generally chose to ignore ARAPHO for a variety of reasons.

However, ARAPAHO has finally surfaced in Navy planning -- as a mine countermeasures platform. While not included in the FY 1987 budget submission, the Navy is looking at ARAPAHO as a POM 88 issue -- estimated cost to construct two ARAPAHO facilities, one for each coast, to operate five RH-53 aircraft each in an Airborne Mine Countermeasures role, is $58 million. Congress added $4.3 million in FY 1986 to suport ARAPAHO development.

ROA continues to support the concept of ARAPAHO for a variety of missions as a relatively low cost item. We still believe that its primary role will eventually be confirmed as a lower cost ASW force multiplier; nevertheless, we welcome the current Navy initiative and urge continued Congressional support.

MARINE CORPS RESERVE

The Marine Corps Reserve is a major factor in the Total Marine Force, contributing one-fourth of the structure and one-third of the trained manpower. As has been the case for the last few years, the Marine Corps Reserve manpower requirements appear to be well provided for in the FY87 budget request.

ROA compliments the Marine Corps on their continuing recognition of the Reserve contribution and on their consistent support of the Reserve component. The Marine Corps Reserve Budget has reflected real growth every year since FY78. This support has enabled the Marine Corps Reserve to meet and usually exceed the OSD Program Guidance. Accordingly, ROA strongly urges approval of the Reserve Personnel funding request of $314.8 million which will support an FY87 Marine Corps Reserve Selected Reserve end strength of 44,400 (average strength 42,800), an increase from the FY86 levels of 43,019 and 41,900 respectively.

ROA also strongly supports the newly established Marine Corps Reserve full time support program. Prior to 1984, such support was provided by regular active duty Marines. However, as is the case with all other Reserve Components, the Marine Corps recognized the value of utilizing a number of Reserve personnel to assist in organizing, administering, instructing and training the Reserve. The program started with 803 personnel in 1984, includes a requested increase of 307 in FY87, and is programmed to grow to over 1700 in 1989. We strongly urge Congressional support of this effort.

ROA strongly supports Marine Corps efforts to modernized the Reserve Ground Combat Forces. The "single acquisition objective" procurement program is designed to ensure that equipment upgrading occurs in Reserve units concurrent with that in their active counterparts. We urge that Congress support these efforts and expedite this modernization process to the maximum extent feasible, as has been done in recent years. Recent Congressional add-ons, combined with Marine Corps budgeting efforts, have resulted in the equipping of the Reserve ground forces with much of their total requirement for such items as the Light Armored Vehicle, high Mobility Multipurpose Wheeled, 5 Ton Vehicle fleet, and the M16A2 rifle.

Unfortunately, the Marine Air Reserve has lagged far behind the ground forces in equipment modernization. The Fourth Marine Air Wing is severely limited in its capability to augment and reinforce the active forces due to aging aircraft, aircraft shortages, incompatibility between Active and Reserve aircraft, and block obsolescence. Current planning for aircraft modernization in the Reserve still depends, for the most part, on aircraft released from the active force. Such a program will not satisfy long term requirements.

Unfortunately, the Marine Corps has not initiated a horizontal integration of equipment policy in their Air Reserve program as has the Navy. Since the same rationale applies, and since the Marine Corps is a part of the Navy Department, ROA does not understand the reason for this policy. The Marine Air Reserve should commence as soon as possible to replace aging and incompatible F-4s. While the Marine Corps Reserve has a stated goal of having an all F/A-18 fighter attack force, the transition to F/A-18s is not scheduled to begin until 1991. In our opinion, that is far too late, particularly given the facts that:
(1) Naval Air Reserve Units are already transitioning to F/A-18s; and
(2) Our carriers can no longer support F-4s upon mobilization.

ROA urges Congress to direct implementation of horizontal equipment integration in the Fourth Marine Air Wing similar to that already underway in the Naval Air Reserve.

Congress has previously directed establishment of two Marine Air

Reserve KC-130 aerial refueler/transport squadrons and further directed expedited procurement for this purpose. A total of twelve KC-130T aircraft have been funded for the Fourth Marine Air Wing as Congressional add-ons in FY 1982, FY 1983, FY 1984, FY 1985, and FY 1986. Eight new aircraft have been delivered to date and are based at NAS Glenview, Illinois. However, eight KC-130s remain to be procured to meet the Congressional mandate. ROA recommends additional funding be added again this year to procure two additional KC-130 aircraft for the Marine Air Reserve.

A companion problem is emerging concerning the basing of the second KC-130 squadron at Stewart International Airport, New York. Standup is moving ahead in the areas of programmed personnel, aircrew training, and flight-hour funding. However, the absence of sufficient MILCON funding may require postponement of squadron establishment at Stewart for some time. Planned standup, in the fourth quarter FY 1987 time frame, will occur only if Congress directs additional support.

The Marine Corps has developed long range plans to upgrade the capabilities of the Marine Reserve Air Wing. The intent of these plans obviously is laudable. However, as noted earlier, they are far in the future and depend on too many variables. ROA strongly urges that Congress immediately direct authorization and funding for this long overdue modernization program as the most critical need for the Marine Corps Reserve.

COAST GUARD

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. None of these independent evaluations appear to make any significant impact on the Administration.

I would like to mention briefly ROA's concern about the Coast Guard. While the Coast Guard is not specifically a responsibility of the Defense Appropriations Subcommittee, it nevertheless plays a significant role as one of our five Armed Forces. Certainly, this subcommittee has shown its concern about the military readiness of the Coast Guard by providing add-on funding on several occasions for equipment procurement. Last year, you provided $375 million in such funding with the recommendation that a new account, Coastal Defense Augmentation, be established within the Navy Appropriation for procurement, retrofittiing, etc., of certain Coast Guard equipment. ROA strongly supports and sincerely appreciates the continuing efforts of this committee in support of the Coast Guard. We have been similarly frustrated that prior year add-ons have not resulted in the desired increased in Coast Guard equipment inventory. Accordingly, ROA strongly supports your efforts to ensure that the FY 1986 add-on is not similarly misused.

The FY 1986 Continuing Appropriation action that placed funds passed through the DOD to the Coast Guard under Budget Function 050 (Defense). Chairman Walter Jones (D-NC), House Merchant Marine & Fisheries Committee, in a recent National Security Report, proposed that the Coast Guard budget come also under the scrutiny of the Armed Services Committees and Defense Appropriations Subcommittees. ROA supports this proposal and recommends consideration be given to breakng out the entire Coast Guard budget into two functions, Defense Function 050 and Transportation Function 400. Such action might provide a military identity which many consider lacking. Initially, this might create some confusion since the Coast Guard budget would have to be approved by two Appropriations Subcommittees, Defense and Transportation.

Clearly, Reserve funding could be considered a Function 050 activity; some A, C & I and OE funding was so treated in FY 1986. Function 050 funding would also escape the anomaly of labeling all Coast Guard Appropriations as "non-defense discretionary funding" as did the Senate and the Congress during consideration of the reduction initially proposed by the FY 1986 Continuing Resolution.

In budget terms, does the Coast Guard really belong in Function 400, the Transportation "mixed bag?" In this budget function, the Coast Guard must compete with AMTRAK, CONRAIL, Urban Mass Transit and other transportation activities. The Administration wants to cut many of these activities drastically; however, in many cases Congress disagrees and insists on restoring these proposed cuts. Restoral funds must come from somewhere, and in Function 400 the Coast Guard is one of two large "dollar-for-dollar" accounts. Function 400 becomes even less desirable if trust funds (highways, airports, mass transit) are placed off budget. Such action would make the Coast Guard even more vulnerable when across-the-board cuts are made. Competition for funding among various agencies is desirable, but not when the competing agencies are so disparate in nature, and when some agencies (not the Coast Guard) have access to operations trust funds which act as a considerable buffer to service reductions.

We are pleased that the Administration has recommended a 500 person increase in the Coast Guard Selected Reserve - from 12,500 to 13,000. However, this minimal increase hardly responds to an established mobilization requirement of 27,400. A Selected Reserve which constitutes only 47 percent of mobilization requirements is a long way from matching the Department of Defense program to man all of its Reserve forces at 100 percent of mobilization requirements by 1988.

ROA strongly recommends that the Coast Guard be directed to move rapidly towards matching the DOD goal of 100% SELRES manning. During the last six years, DOD Reserve Components have increased in personnel strength by more than thirty percent. During the same period, Coast Guard Reserve growth has been less than six percent! This is another example of neglect by the Administration and by many in Congress. The Coast Guard is our Fifth Armed Force -- it deserves to be treated as such!

As a further example of budgetary non-support, the Administration did not include one penny in their request to support the 500 person increase. ROA estimates that an additional $2 million is necessary to support this requested, and very essential, increase.

ROA is particularly concerned by the Administration's FY 1987 A, C & I (Procurement) request of only $77.1 million. This obviously reflects a proposed reduction in procurement budget authority (which has totalled approximately $300 million per year in recent years) to offset the add-on funding initiated by this subcommittee which was included in the FY 1986 Defense Appropriation. However, Congressional language clearly indicates that the FY 1986 add-on was to be used to procure additional equipment, i.e., an increase in the capital plant inventory.

This obvious attempt by the Administration to flout the intent of Congress is totally consistent with actions taken every time the Congress appropriates add-on Coast Guard procurement funding, through the Defense Appropriation, for additional equipment. In the last five years, Congress reflecting the initiatives of this subcommittee, has added $975 million to be used for equipment procurement over and above that planned in the programmed budget. To the best of our knowledge, little, if any, additional equipment has been procured and the funding has consistently been used for purposes other than that intended by Congress. The Administration appears bound and determined that the capital plant inventory of the Coast Guard shall not be increased. ROA submits that it is time that Congress ensure that the add-on funding, which Congress has provided, be used for additional equipment as intended, and that the normally programmed procurement appropriation be funded in full. ROA would ask that the members of this subcommittee again add their support in this area of vital importance to our fifth Armed Force.

ROA wishes to hoist a warning against current pressures to privatize a wide range of Coast Guard activities. The concepts are not new, they just carry different labels - and have been policy to varying degrees over the years. Not too many years ago there were moves to "civilianize" the service; then came pressures to contract out services through the so-called "A-76 process;" and now privatization.

There are many powerful arguments which support the conclusion that the multi-mission Coast Guard meaningfully and most cost-effectively promotes the general welfare of the nation, while significantly contributing to national security. The Coast Guard roles have been consolidated, reduced, expanded, surveyed and heavily scrutinized by both external and internal reviews over the years, and always have been determined to be in the public interest.

ROA is greatly concerned with the adverse impact of any Coast Guard privatization on port security, coastal/maritime defense capability, Reserve training, salvage capability, vessel routing and the current military forward defense strategies. The Coast Guard and its Reserve provide this country with a ready, highly-specialized, professional military force in position to support or link-up with the other Armed Forces if this nation must be defended -- ready on a 24 hour basis to go anywhere, in a moment's notice. The loss of any significant portion of its missions must perforce result in a loss of platforms and personnel necessary for mobilization as well as loss of peacetime training platforms. Such action would clearly adversely impact our national security.

Even the staunchest proponents of privatization, such as The Coalition of Americans for Privatization, agree that national defense cannot be privatized and must be accomplished by the public sector. ROA contends that most of the Coast Guard's peacetime functions translate directly into wartime functions critical to national defense.

During the past few years, despite all efforts to the contrary, the Coast Guard has not fared well under the sole sponsorship of their designated Authorization and Appropriations Subcommittees. Only through the intervention of a subcommittee outside the normal "loop" — the Senate Defense Appropriations Subcommittee -- has additional critical funding been provided in recent years. ROA asks that you continue to scrutinize the Coast Guard's military readiness and ability to carry out wartime missions and initiate corrective action where necessary.

AIR FORCE RESERVE

This year the Air Force Reserve (AFR) established an enviable standard by which to judge the quality of the Reserve portion of our Total Force. This standard was set when the AFR won all three Air Force worldwide competitions that it entered. AFR units were the overall winners in the international tactical airlift competition, the worldwide tactical fighter gunnery competition, and the Strategic Air Command's tanker competition. Additionally, AFR crews and units won numerous titles in subcompetitions such as weapons loading, maintenance, and individual gunnery events.

The Air Force Reserve has competed with the top units of the Air Force and won; it can truly be said to be a combat force second to none. As a former commander of the Tactical Air Command, General W.L. Creech, USAF(Ret.) said at the Gunsmoke awards ceremony they are ". . . the best of the best in the world, . . ."

One of the reasons for the remarkable success of the Air Force Reserve, is the modern equipment received in recent years that allows its units to compete on an equal basis with the active force. We thank the Congress for providing the funds for F-16 aircraft for the Reserve Gunsmoke winners, and C-130H aircraft for the Volant Rodeo victors. The true value of modern equipment is, of course, reflected in increased combat capability for all AFR units that are updated. We will see similar improvements in the capability of the Reserve F-4 aircraft as equipment improvements funded by Congress in the previous two years are installed.

It is imperative that modernization of the Air Force Reserve aircraft continue. We urge the Congress to provide eight C-130H aircraft to replace thrity year old "A" models this year. In the face of severe budget constraints, it makes economic, as well as operational sense, to assure a viable, combat capable Reserve force. As more reliance is placed upon the Air Force Reserve to provide a cost efficient alternative in the Defense budget, we must assure that its units are equipped and trained to fulfill the wartime mission when called upon. In the case of the tactical airlift mission, nearly two-thirds of the total force comes from the Air Reserve Forces (Air Force Reserve and Air National Guard). Clearly it would be disasterous to allow the Air Reserve Force C-130 units to become obsolescent .

A second factor in the high level of readiness and combat capability in the Air Force Reserve is the Military Technician program. We are convinced that for the Air Force Reserve and its particular situation, the Military Technician is the key to success. These dual status individuals provide day-to-day management and continuity to their units while performing as full-time AFR employees. As military members of their units, they train other Reservists during active duty and inactive duty training periods. The high skill level and stability of these employees is critical in sustaining the AFR's outstanding operational readiness.

To aid in maintaining the vigor of the Military Technician program, the Administration will shortly recommend changes to Title 5 USC to permit separation of certain "status quo" technicians as soon as they become eligible for an immediate retirement annuity. This is a counterpart ammendement to Title 10 USC which was signed into law last year.

A third ingredient of the AFR's success is the high level of annual and inactive duty training participation. Whether as a unit member or Individual Mobilization Augmentee (IMA), the dedicated Air Force Reservist makes many sacrifices to serve our country. The family and employer also make many sacrifices to support the Reservist when he receives short-notice orders, extended duty and countless other hardships and inconveniences. We thank the Congress for the many initiatives accomplished in previous years to provide the necessary support to the individual Reservist and to the mission.

Again we urge that we not be pennywise and pound foolish in the face of this year's fiscal constraints. Modern equipment, meaningful missions, and realistic training are the foundation of the AFR's combat readiness. The Operations and Maintenance Appropriation provides the day-to-day operating money to carry out the Reserve mission. Across-the-board cuts in these accounts, without regard to mission tradeoffs made to the AFR, will not serve the Total Force nor our common defense well. The continued expansion of the AFR in combat and mission support, as well as flying units, makes it imperative that the AFR not be apportioned a simplistic "share" of any cuts in Operations and Maintenance funds. The AFR, for example, provides 64 percent of the Air Force Aeromedical Evacuation Units, Aircraft Battle Damage Repair capability and Aerial Port Squadrons. The majority of the programmed manpower growth in the AFR is in these units. The requested growth in manpower, and operating funds is a direct result of continued AFR personnel and mission unit growth in fiscal years 1987 and 1988.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready, fighting force. Exercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

GENERAL PERSONNEL ISSUES

RESERVE OFFICER PERSONNEL MANAGEMENT ACT

The long-waited Reserve Officer Personnel Management Act (ROPMA) was forwarded to the Congress as an administration legislative proposal on 11 December 1985. It has since been entered as H.R. 4167. In general, ROA supports this proposal and urges the Congress to pass it during this session. Too many Reserve personnel items have had to be addressed on a piece meal and recurring basis because of the absence of this comprehensive legislation.

We do request, however, that three subsections dealing with constructive credit for experience when appointing officers in the Reserve be restored. These subsections were in the original draft bill, but were deleted prior to submission to Congress*. They recognize valid needs of the Reserve components and would be extremely beneficial in assuring that critical specialties are filled.

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*Draft bill subsection 596(b)(1.)(C), 596(b)(1.)(G), 596(b)(1.)(e).

RESERVE MEDICAL COVERAGE

ROA appreciates the giant strides that the Congress has taken over the past three years to equalize the benefits for Reservists and their survivors in the event a Reservist becomes ill, is injured, or killed while traveling to or from training or while participating in weekend drills or on tours of less then 30 days. The increased reliance that is being placed upon the Reserve Components, to include their insertion in hostile environments, has made it essential that this element of the force be provided equal medical, disability and survivor benefits. There are a few remaining areas that need to be addressed, such as the possibility that a Reservist, who is injured in his military job, can have his incapacitation pay terminated prior to being physically fit to return to his civilian occupation. This occurs when the Reservist is declared physically fit to perform his military duties but his civilian employer determines that the injury has not healed to a sufficient degree to permit him to return to his civilian occupation.

HEALTH CARE PERSONNEL

DoD continues to place increased reliance upon the Reserve Components to provide health care in a war time situation. In fact, it is estimated that more than 50% of all the personnel required to provide war time medical care will come from the Reserve Components. In spite of this, legislation has not been submitted to provide special pay for Reserve Component health care professionals. When the 96th Congress enacted legislation to provide special pay for Active duty health care professionals, the Reserve Components were not included. ROA believes that a special pay incentive program would have the same beneficial effect on recruiting and retention for the Reserve Components that PL 96-284 had for the Active duty force. Legislation to address the shortages that currently exist in the Reserve component health care professional area should be delayed no longer if increased reliance is going to be placed upon the Reserve Components to make up the short fall in war time medical care.

GI BILL

All reports that ROA has received indicate that the GI Bill, which was passed two years ago, has been a great success. We were therefore quite concerned to note that continued funding for this program was not included in the administration's budget request this year. We hope that the Congress will take the necessary action to insure that the new GI Bill program continues on track in FY87 and beyond. As with any new program, there is room for some modification, and we would like to see the legislation amended to permit participation in the program by Selected Reserve members who have earned a bachelors degree. In addition, the contribution schedule should be changed to permit a smaller monthly deduction over a longer period of time, and inclusion of a provision permitting refunds in appropriate cases.

COMMISSARY PRIVILEGES

In the FY84 DoD Authorization Bill the Congress directed the Department of Defense to conduct a test program in which a limited number of Selective Reservists were allowed, at their convenience, up to 14 commissary visits a year. The test was very favorably received by the Reserve community. Unfortunately, the test was allowed to end and this positive recruiting and retention factor was not made available across the board to all drilling Reservists. We encourage the Committee to reexamine the concept of permitting members of the Selective Reserve the opportunity to exercise their commissary privileges in the same manner that they currently use their post exchange privileges.

In addition, ROA believes that exchange and commissary privileges should not be lost to those who are transfered to the Retired Reserve after completing 20 or more of qualifying service. Reserves in this category are in a limbo status until they reach age 60 and become entitled to pay and the other benefits associated with military retirement. It would be a low-cost benefit to extend post exchange and commissary privileges to these pre-aged 60 Reserve retirees and, in addition, would serve as a valuable retention tool for the Reserve components.

MILITARY RETIREMENT

The FY87 Budget submitted by the administration eliminates the Cost of Living Adjustment (COLA) scheduled for 1 December 1986. In addition, the administration has proposed making future Civil Service retiree COLA's two percentage points below inflation, instead of being fully indexed. If enacted into law, this provision would apply to military retirees unless specific delinkage language is included in the legislation. ROA hopes the Congress will reject both the FY87 COLA freeze and the concept of a COLA minus 2% in the future. The erosion of the purchasing power of military retired pay must stop if faith in the system is going to be retained by those currently serving. If the value of the military retirement system, as part of the overall compensation package, is permitted to continue to erode, we are concerned over the impact this will have on the ability of the services to retain the quality and quantity of mid-career personnel needed to insure the combat readiness of our forces.

From the individual service members point of view, retirement is part of the economic security package that the service member counts upon during his years of service with its attendent personnel and financial hardships. For the US Armed Forces, the retirement system is a vital manpower management tool which permits the retention of a young force with the experience and skills necessary to meet our world wide national security obligations. The military retirement system has proved to be effective in being a force management tool and in providing a form of economic security for those who are willing to endure, for a minimum of 20 years, the hardships, the separations, the loss of many personal civil liberties, and the possibility of facing armed conflict. We urge this Committee to carefully evaluate the long term impact that changes to the military retirement system can have. The cost of misjudgement in this area can have severe national security ramifications.

RESERVE COMPONENTS SURVIVOR BENEFIT PLAN

ROA is concerned over the impact the new two-tier Survivor Benefit Plan will have on Reserve Component participation. Under the old system a Reservist who paid maximum Social Security taxes each year in his civilian employment, and thus had no military pay contribution to FICA, was providing an unreduced annuity for his survivors. Under the new system the survivor of a Reservist who had no Social Security credits based upon military service will still suffer an annuity reduction from 55% to 35% at age 62. We believe that this arbitrary formula unjustly impacts on this group of survivors and recommend that the Committee reexamine the Survivor Benefit Plan changes made last year.

We would also like to point out that if a military SBP recipient remarries prior to age 60, the annuity ceases. Until recently the same was true for Civil Service. However, a change in the law permits a Civil Service survivor to continue to receive benefits if remarriage occurs as early as age 55. We believe that the same younger age should apply for both Survivor Benefit Plans.

Thank you for the oppurtunity to appear before this Committee. Your support for the men and women in uniform, Active and Reserve, is noteworthy and sincerely appreciated.

I will be happy to answer any questions that you might have on these issues.

[CLERK'S NOTES.—The following material was submitted for the record by the U.S. Council for an Open World Economy:]

U.S. Council for an Open World Economy
INCORPORATED
7216 Stafford Road, Alexandria, Virginia 22307
(703) 765-2472

Statement submitted by David J. Steinberg, President, U.S. Council for an Open World Economy, to the House Subcommittee on Defense Appropriations in hearings on defense appropriations for FY 1987
May 12, 1986

(The U.S. Council for an Open World Economy is a private, non-profit organization engaged in research and public education on the merits and problems of developing an open international economic system in the overall national interest. The Council does not act on behalf of any "special interest".)

Once again, as I have for many years but to no avail, I propose reassessment and overhaul of the Buy American strictures affecting defense procurement. I urge evaluation of (a) how and how effectively they serve the national interest and the real needs of the industries that benefit from these subsidies, (b) how Buy American requirements on specific products can be justified in the light of other measures being taken to help the particular industries, (c) the cost of these requirements (however rough the estimates) in financial and other terms (including extraordinary inventory and other costs that may be incurred by U.S. companies producing for both military and civilian contracts), and (d) the pattern of Buy American rules (to the extent they are advisable) that would best serve the national interest and the defense interest per se -- correcting the hodgepodge of "macro" Buy American subsidies (affecting all forms of defense procurement) and "micro" Buy American subsidies (more-restrictive rules on specific products from textiles to tools, from food to flatware). To the extent that Buy American requirements in defense procurement are advisable and defensible, they should be integrated into coherent, systematically reviewed, industry-adjustment strategies as the framework for whatever assistance the government deems necessary for the industries concerned.

The aims of this policy overhaul would include the most effective use of financial resources (thus helping to reduce the government's massive budget deficit), combatting inflation, helping many U.S. industries to operate more efficiently (through freedom to obtain and handle component materials most economically), and making certain that Buy American aid to specific industries (if justifiable at all) is a carefully reasoned component of balanced efforts to address the real problems of these industries. We should want to make sure that Buy American subsidies and "entitlements" are as well-structured as possible and last no longer than necessary. There is need to get a handle on an aspect of the defense budget that for too long has escaped rational, responsible concern by both the executive branches of government, and most everyone else.

In advocating persistent pruning of the thicket of Buy American strictures (or, in a different metaphor, culling this herd of sacred cows), I am not motivated by purist, ideological devotion to a free-trade ideal that has no place for buy-national practices in government procurement. My concern, rather, is the need to limit Buy American regulations to carefully designed, systematically re-evaluated requirements whose benefits to the national interest are deemed worth the cost.

To the extent that the industries needing this form of government help are essential to national security, remedial recourse just to this or other forms of import control is badly conceived attention to the mobilization base, besides being bad economics and shabby politics. To the extent that any of these industries cannot survive without import barriers of some kind (integrated, I urge, into coherent adjustment and redevelopment strategies), the American people have a right to know -- and the government itself ought to know -- how, and how effectively, these import restrictions are helping to cure whatever problems warrant such government aid, and at what cost to the taxpayers (if such an estimate can be calculated -- however roughly -- without unreasonable expense).

Easy recourse to import restrictions (Buy American requirements are among the easiest) tends to divert attention from the tougher, more responsible task of carefully diagnosing the real problems of industries that may need and merit government help. It is policy laziness we can no longer afford, involving costs (financial and otherwise) that get higher as the years pass and as the need for policy perfection grows more urgent. The huge proportions of the defense budget, particularly at a time of monumental budget deficits that must be reduced substantially, make these reforms all the more necessary.

Plan Now for FY 1988

I am not asking for outright termination of the defense-related Buy American requirements this year or in the very near future. Nor would I advocate their termination at any time just on the basis of ideological belief in allowing market forces full sway. I am not unmindful of political realities, policy practicalities and the possibility that government assistance, including Buy American rules in some measure, may be needed to facilitate industrial-adjustment strategies in the total public interest. Moreover, to remove these Buy American regulations abruptly, without adequate notice in the interest of orderly adjustment, would not be in the national interest.

What I do urge at this time is that, in preparation for Fiscal

1988 defense appropriations, Congress this year ask the President to reassess the Buy American requirements affecting defense procurement and report to Congress in late 1986 or early 1987 on (a) the full scope of these requirements, (b) the extent to which they serve the national interest and the real needs of industries that benefit from these regulations, (c) other steps being taken or that should be taken to strengthen these industries within the framework of coherent industry-redevelopment strategies, (d) the cost of these Buy American strictures in financial and other terms, and (e) the pattern of Buy American rules (macro and micro), to the extent they are advisable at all, that would best serve the total national interest and the defense interest per se. As an alternative to requesting such assessments from the President, Congress should consider asking the Office of Management and Budget or the General Accounting Office to produce the analysis I have proposed.

Last year's Department of Defense authorization act contained a Congressional amendment directing the Secretary of Defense to report to Congress every year on the state of the U.S. textile and apparel industries, with particular reference to their ability to meet the nation's mobilization needs in these essential products. The defense readiness of these industries (a subject on which the Congress and the Administration need to be well-informed) is only one area of textile/apparel evaluation that needs systematic attention, even for national-security purposes alone. The whole structure of government aid to this industrial sector needs systematic re-evaluation, and not just the textile and apparel industries alone. Even in textile/apparel terms alone, this amendment to the FY 1986 authorization bill does not constitute an effort to make certain that the problems and needs of this major industry are being properly and adequately addressed, to the extent that aid at public expense is justifiable at all.

If this industrial sector needs and deserves government help, the assistance should be provided through a well-defined textile/apparel policy -- something we have never had in all the years of import-control assistance for this industry, and something for which no example in industry-adjustment strategy exists for any other U.S. industry.

The Buy American reassessment I propose would go far to correct these policy deficiencies in both national-security and overall economic policy.

WEDNESDAY, APRIL 30, 1986.

FISCAL YEAR 1986 AIR FORCE REPROGRAMMING

WITNESS

MAJOR GENERAL LEO W. SMITH II, DIRECTOR OF BUDGET, COMPTROLLER OF THE AIR FORCE

BRIGADIER GENERAL GORHAM B. STEVENSON, DEPUTY CHIEF OF STAFF, COMPTROLLER, AIR FORCE SYSTEMS COMMAND

TIMER, ACTUATOR FIN FUZE (TAFF)

REPROGRAMMING No. 86-15 PA

INTRODUCTION

Mr. CHAPPELL. The committee will now consider reprogramming fiscal year 86-15 PA, which proposes to reprogram $1,963,000 within Other Procurement, Air Force. The stated purpose of this reprogramming is to fund the initial procurement of the Timer, Actuator Fin Fuze (TAFF). The TAFF is used to provide low-level conventional bombing capability for the B-1B.

The witness appearing in support of this request is Major General Leo W. Smith, Director of Budget.

General Smith, your prepared statement and the reprogramming document will be placed in the record.

General SMITH. The actuator will give us the ability to run conventional missions with the B-1B.

The 1981 Defense Authorization Act mandated the capability that the B-1 have a conventional capability by 1987. Without this reprogramming, we will be unable to meet the time limit.

The $1.963 million is coming out of 40 millimeter grenade ammunition. It is excess to requirements in that account.

We have run tests and they are working fine.

[The statement of General Smith and the reprogramming document follows:]

STATEMENT BY THE DIRECTOR OF BUDGET, AIR FORCE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

Thank you for the opportunity to appear before your committee today on two reprogramings: Other Procurement, Air Force Appropriation Reprogramming 86-15PA and Research, Development, Test and Evaluation, Air Force Appropriation Reprograming 86-18N.

Reprograming 86-15PA proposes a transfer of $1.963 million within the fiscal year 1986 Other Procurement Appropriation. The proposal provides funds for the Timer, Actuator, Fin Fuze which is used to delay opening of the retarders on the MK 82 Air Inflatable Retarded General Purpose bomb and the MK 36 destructor for General Purpose bomb mine. This delay is required so that the weapons when carried on the B-1B, can clear the B-1B bomb bay, thus allowing a safe low altitude delivery. Without the Timer, Actuator, Fin Fuze, the B-1B would be forced to a high altitude (low drag) delivery tactic, which places the aircraft in the most severe threat envelope.

The 1981 Defense Authorization Act mandated the B-1B have a conventional capability by 1987. Without this reprograming Strategic Air Command will not have a credible conventional capability with the B-1B by the specified dates.

Funds in the amount of $1.963 million were deleted by Congress from the FY 1986 PB. However, the House Appropriations Committee report stated if the Air Force is able to demonstrate an urgent requirement and fully justify that preproduction milestones have been completed, the committee will entertain a reprograming to initiate Timer, Actuator, Fin Fuze production.

Development, Test and Evaluation (preproduction) tests are complete. A total of 198 environmental and flight tests were performed of which 196 were successful. In addition, the Functional Configuration Audit and Production Readiness Review were successfully completed.

This reprograming is essential to support restoration of FY 86 funding and to achieve the desired War Readiness Material inventory objective of 200,000 Timer, Actuator, Fin Fuzes.

Reprograming 86-18N proposes to reprogram $20.0 million in resources within the Air Force fiscal year 86/87 RDT&E appropriation. This proposal provides for funds in the Acquisition and Command Support account to meet civilian pay costs as well as fuel and other fiscal year 1986 requirements for Acquisition and Command Support activities. The requirement for this reprograming results from the Gramm-Rudman-Hollings reduction. Because the account is 74% civilian pay, without the reprograming, the 8,000 personnel paid from the account will have to be furloughed for 12 to 15 days. Such a period of furlough-for so many-would negatively impact the orderly acquisition process.

In developing this request, the Air Force has identified areas within the RDT&E appropriation where funds can be made available because of reductions in projected costs and other program changes. We believe this reprograming is essential to the fiscal year 1986 RDT&E account.

I have with me today, experts who can speak to specific details of these reprogramings. That concludes my statement, Mr. Chairman, I will be happy to answer any questions you might have.

BIOGRAPHY
MAJOR GENERAL LEO W. SMITH II

Major General Leo W. Smith II is director of budget, Headquarters U.S. Air Force, Washington, D.C.

General Smith earned a bachelor of science degree in military engineering from the U.S. Military Academy at West Point, N.Y., in 1958 and a master of science degree in government from Southern Illinois University in 1971.

From 1958 to 1960, the general completed pilot training, Nuclear Weapons school, and B-52 upgrade training. In 1960 he transferred to Loring Air Force Base, Maine, as a B-52G co-pilot. A volunteer for the Minuteman missile program, General Smith was assigned to Malmstrom Air Force Base, Mon., in 1962. In 1965 he was selected for duty in the 15th Air Force Missile Training and Standardization Division at March Air Force Base, Calif.

He entered C-130 Hercules training at Stewart Air Force Base, Tenn., in 1966, followed by an overseas tour of duty at Ching Chuan Kang Air Base, Taiwan, where he served as a co-pilot and then aircraft commander with the 314th Tactical Airlift Wing.

In 1967, he was assigned to Strategic Air Command (SAC headquarters as an operations planner on board the Airborne Command Post, then as an air operations staff officer in the Aircraft Branch of future concepts, and finally as chief of the Missile Branch in future concepts.

In August 1972 he entered the Naval Command and Staff College, and following graduation, he was selected a military assistant to the deputy director for Defense research and engineering, strategic and space systems, Office of the Secretary of Defense, Washington, D.C. He was assigned to the Senior Seminar in Foreign Policy conducted by the Foreign Policy conducted by the Foreign Service Institute of the Department of State in 1976.

In 1977, General Smith was assigned as chief of the Strategic Offensive Forces Division, Directorate of Plans at Air Force headquarters. In 1978, he served as assistant deputy director for strategy, doctrine and long range planning and with the creation of a Deputy Directorate for Long Range Planning, General Smith became chief of the Planning and Integration Division.

In April 1979 he moved to Castle Air Force Base, Calif., as vice commander of the 93rd Bombardment Wing and in April 1980 he took command of the wing. The general became commander of SAC's 57th Air Division at Minot Air Force Base, N.D., in November 1981. This command included "Strategic Projection Force" responsibility as part of the Rapid Deployment Joint Task Force. In December 1982 he was assigned as assistant deputy chief of staff for plans at SAC headquarters. He assumed his present duties in July 1985.

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REPROGRAMING ACTION

Appropriation Account Title:
Other Procurement, Air Force, 86/88

DoD Serial Number:
FY 86-15 PA

Component Serial Number:
FY 86-6 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

This reprograming action is submitted for prior approval to procure the Timer, Actuator Fin Fuze (TAFF) in FY 1986. Congress deleted this procurement from the FY 1986 President's budget, but allowed for reprograming "if the Air Force is able to demonstrate an urgent requirement and fully justify that preproduction milestones have been completed." Contract award is necessary in April 1986 to meet CINCSAC's initial operating capability (IOC) requirement and the FY 1981 Defense Authorization Act mandate that the B-1B have a conventional low level bombing capability not later than 1987. With the current schedule, sufficient testing will have been completed on the TAFF by April 1986 to make the low rate initial production (LRIP) decision with confidence. Testing to date has been successful and no significant problems have materialized. This increase is for a higher priority item than the item for which funds were originally appropriated. This request meets all the administrative and legal requirements of the Congress and is reflected in the FY 1986 column of the FY 1987 President's budget.

REPROGRAMING INCREASE:								
Budget Activity 1: Munitions and Associated Equipment								
Timer, Actuator Fin Fuze	-	-	-	-	+4,591	+1,963	4,591	1,963

Explanation: Funds are required to procure the Timer, Actuator Fin Fuze to provide a low level conventional bombing capability for the B-1B.

Total Reprograming Increase						+1,963		

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Page 2 of 2 Pages

REPROGRAMING ACTION

Appropriation Account Title: Other Procurement, Air Force, 86/88	DoD Serial Number: *FY 86-15 PA*
Component Serial Number: FY 86-6 PA	(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i
		PRIOR APPROVAL ACTION						
REPROGRAMING DECREASE:								
Budget Activity 1: Munitions and Associated Equipment								
40 MM HE Grenades	1,009	15,799	1,009	15,799	+426	-1,963	1,435	13,836
Explanation: Decrease is possible because of favorable pricing. Reinstatement of funds is not required.								
Total Reprograming Decrease						-1,963		

Approved (Signature and Date)

William H. Taft, IV
Deputy Secretary of Defense

26 MAR 1986

DD FORM 1415-1
1 Mar 83

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Replaces DD Form 1415-1, 1 Jul 79 which is obsolete

Mr. CHAPPELL. Any questions?

General, Thank you.

We would appreciate it if you would answer the committee questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

DEVELOPMENT TEST

Question. The TAFF is a competitive procurement in which two contractors are submitting hardware for testing. Development tests on one of the TAFF's has been finished. When will the development test for the second one be completed?

Answer. Forty of a planned 51 static tests have now been completed and flight testing of the DTU-30/B is planned to start the week of 12 May. Completion is expected 20 June 1986.

Question. What accounts for the delay?

Answer. Technical problems as evidenced by the high failure rate (44 pass, 9 fail) during initial static tests required returning the DTU-30/B hardware to the contractor. The DTU-31/B tests were highly successful.

FLIGHT TEST

.*Question.* How many items from each contractor will be flight tested during developmental test?

Answer. Fifty-six DTU-31/B's from AAI were flight tested. Fifty DTU-30/B's from Teledyne will be flight tested.

Question. What kind of aircraft were used for flight testing during DT?

Answer. An F-15 aircraft was used for the flight tests. The ejector on the F-15 closely approximates the internal ejector unit in the B-1 in both ejection velocity and solenoid location.

Question. What are the results of tests to date?

Answer. Fifty-six tests with the DTU-31/B resulted in fifty-five pass and one failure. Flight tests of the DTU-30/B will not be conducted until good static tests results are obtained.

Question. When will flight tests begin on B-1B aircraft? When will they be completed?

Answer. Tests on the B-1B aircraft are planned to start in July 1986 and will be completed in September 1986.

CONTRACT

Question. When will you make a source selection and production contract award for TAFF?

Answer. Source selection will occur in June with contract award planned for 1 July 1986 if the requested reprogramming has been approved and funds made available by that date.

Question. What type of contract will be used?

Answer. A firm fixed price production contract is planned based on existing options.

Question. With all the concerns these days about "test before buy" why are you proposing to award a production contract before all tests are completed and evaluated?

Answer. Sufficient testing will be completed before source selection to warrant contract award. Although testing on the B-1 will not be completed before contract award, the ejection environment on the test aircraft provides a realistic evaluation of the TAFF performance. Static tests have been conducted using a production version of the B-1B ejector unit. The 1 July 1986 contract award does not support the Strategic Air Command desired March 1987 conventional capability but will provide production units beginning in June 1987. This will meet the Congressional mandate for a 1987 B-1B conventional capability.

B-52'S

Question. Why did the Air Force delete the requirement to use the TAFF on B-52's?

Answer. The TAFF is a retardation/fin deployment timer device which delays bomb fin deployment. Non-nuclear munitions delivered from low altitude require post release delay of bomb fin deployment to allow aircraft safe escape. The existing MAU-111/B device was airspeed limited and not capable of functioning at the maximum airspeed of the B-52 or the B-1B. A Statement of Need (SON) for a new device, the TAFF, was issued in 1982. As development of the TAFF progressed, a fix for the MAU-111/B was engineered, tested and found to be acceptable for use with the B-52, but not the B-1B. Thus, the Air Force dropped the requirement for TAFF on the B-52.

Question. Is it not more likely that B-52's would be used in a conventional warfare situation than B-1B's?

Answer. For the near term it is more likely that the B-52's will be used in a conventional warfare situation than the B-1B's. In conventional scenarios, the B-52's long-range, rapid response and large, diversified payload characteristics provide a vital capability. The B-52's are tasked worldwide by the theater CINCs to provide conventional support for minelaying, sea surveillance, ship attack and conventional bombing.

Fiscal year 1981 Congressional language directed the Secretary of Defense to pursue development of the B-1B to maximize range, payload, and ability to perform conventional as well as nuclear missions. The B-1B will be certified for conventional missions; however, present plans call for the B-1B to be used primarily as a penetrator with nuclear weapons and later transition to a nuclear shoot and penetrate role.

SOURCE—40MM HE GRENADES

Question. The source of funds for this reprogramming is 40mm grenades. The funds are available because of contract savings. For the record, provide current unit prices for 40mm grenades.

Answer. The FY 1986 President's Budget request for 40mm Grenades consisted of a family of two rounds: M430 which is linked for use in MK19 or helicopter machine guns and M433 which is a single round for use with M79 or M203 grenade launchers for rifles. The prices for these rounds are provided by the Army Single Manager for Conventional Ammunition (SMCA). Funds available for reprogramming resulted from SCMA repricing.

	FY 1986 President's budget	Current
M430 round	$16.83	$11.00
M433 round	7.95	6.92

[CLERK'S NOTE.—End of questions submitted for the record.]

ACQUISITION AND COMMAND SUPPORT

REPROGRAMMING NO. 86-18N

INTRODUCTION

Mr. CHAPPELL. Next is fiscal year 86-18N proposing to transfer $20 million within RDT&E, Air Force. The stated purpose of this reprogramming is to fund civilian pay costs, fuel, and other requirements.

The witness appearing in support of this request is Major General Leo W. Smith, Director of Budget. General Smith, please summarize your statement and we will proceed with the questions.

General SMITH. Again we have a problem in our account for the acquisition and command support account to meet the civilian pay costs as well as some additional—we have difficulty in the acquisition and command support account to meet the civilian pay as well as fuel and other fiscal year 1986 requirements.

The account is about 74 percent to 75 percent civilian pay. It is not in the O&M accounts and, therefore, when Gramm-Rudman was implemented, it was a single program project and activity and we were forced to take some moneys out of the account.

In developing the request, we have identified areas in the R&D account, taking the money and reprogramming it into this account to pay those bills. We believe it is essential for the account.

[The reprogamming document follows:]

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REPROGRAMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation, Air Force, 86/87	DoD Serial Number: *FY 86-18 N*

Component Serial Number: FY 86-15 N

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*

NOTIFICATION ACTION

As the result of the imposition of Gramm-Rudman reductions, it is necessary to reprogram $20.0 million within the Research, Development, Test and Evaluation, 86/87 appropriation to meet the minimum essential non-pay requirements and to avoid furloughing personnel at Acquisition and Command Support (ACS) activities. This reprograming is submitted as a notification action because it increases an RDT&E program element by more than $4 million. This increase is for a higher priority item, based on unforeseen military requirements, than the items for which funds were originally appropriated. Reinstatement of funds for all sources is not required. This action is not reflected in the FY 1986 column of the FY 1987 President's Budget. This action has been coordinated with the appropriate intelligence activity within the Air Force and affects Intelligence Related Activities.

REPROGRAMING INCREASE

Budget Activity 6: Defensewide Mission Support

LINE ITEM	b	c	d	e	f	g	h	i
65806F Acquisition and Command Support		336,425		336,425		+20,000		356,425

Explanation: Acquisition and Command Support activities currently employ over 8,000 employees primarily at Aeronautical Systems Division, Wright-Patterson AFB, Ohio, and Armament Division, Eglin AFB, Florida. A 100% hiring freeze was implemented 21 January 1986 with probable extension through 30 September 1986, and all temporary employees are expected to be terminated. Costs incurred through 30 January 1986 indicate adequate resources are not available to meet payroll, utility, fuel and contractual services obligations for the full year. Within current resources, if in addition to the hiring freeze, all travel, education, procurement of supplies and equipment, etc. were terminated, a request for authority to conduct a twelve to fifteen day furlough of all 8,000 civilian personnel would still be required. A reprograming of $20.0 million is required to meet the minimum essential pay and non-pay requirements and thus avoid further disruptions to on-going programs.

TOTAL REPROGRAMING INCREASE	+20,000

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Page 2 of 4 Pages

REPROGRAMING ACTION

Appropriation Account Title:	Research, Development, Test and Evaluation, Air Force, 86/87	DoD Serial Number: *FY 86-18 N*
Component Serial Number: FY 86-15N	(Amounts in Thousands of Dollars)	

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

NOTIFICATION ACTION

REPROGRAMING DECREASES

Budget Activity 3: Strategic Programs

1. 63311F Advanced Strategic Missile Systems

a	b	c	d	e	f	g	h	i
		154,909		153,294		-1,206		152,088

Explanation: Delay of Pyrotechnics Optical (Pyro and Volume Masker) program to FY 1987.

2. 64312F ICBM Modernization

a	b	c	d	e	f	g	h	i
		1,399,328		1,382,767		-10,806		1,371,961

Explanation: Delays in program due to contract negotiations and program restructuring.

3. 12311F NCMC - Space Defense Systems

a	b	c	d	e	f	g	h	i
		54,803		54,803		-414		54,389

Explanation: Minor reduction to the engineering support for the Space Defense Operations Center (SPADOC) computer software development program.

4. 12417F CONUS Over-the-Horizon Radar

a	b	c	d	e	f	g	h	i
		63,743		63,743		-496		63,247

Explanation: Delay OTH-B BIG CROW (ECCM) testing until FY 87. This capability of the OTH-B radar has not been provided for in the program's FYDP.

5. 12431F Defense Support Program

a	b	c	d	e	f	g	h	i
		75,188		75,188		-517		74,671

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REPROGRAMING ACTION

Appropriation Account Title:	Research, Development, Test and Evaluation, Air Force, 86/87	DoD Serial Number: *FY 86-18 N*
Component Serial Number: FY 86-15 N	(Amounts in Thousands of Dollars)	

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*

NOTIFICATION ACTION

Explanation: Defense Systems Modernization and Consolidated Space Operations Center (CSOC) software development requirements not firm.

LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
6. 33131F Minimum Essential Emer Comm Network		96,577		96,577		-731		95,846

Explanation: Delay in contract for the VLF/LF Transmitter Upgrade in the EC-135 and E-4B.

Budget Activity 4: Tactical Programs

LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
7. 63230F Advanced Tactical Fighter		160,552		158,671		-1,242		157,429

Explanation: Three month delay in development of Radar/EO Sensor.

LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
8. 64268F Acft Engine Component Improve Prog		118,123		116,725		-881		115,844

Explanation: Minor delays in life cycle cost savings program.

LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
9. 27417F Airborne Warning and Control System		115,291		115,291		-569		114,722

Explanation: Delay in request for proposal negotiations.

LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
10. 27423F Adv Comm Sys		107,577		102,477		-957		101,520

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Page 4 of 4 Pages

REPROGRAMING ACTION

propriation Account Title: Research, Development, Test and Evaluation, Air Force, 86/87

DoD Serial Number: *FY 86-18 N*

Component Serial Number: FY 86-15 N

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

NOTIFICATION ACTION

Explanation: The Enhanced Joint Tactical Information Distribution System (EJS) effort will not be pursued. Reinstatement of funds is not required.

Budget Activity 6: Defensewide Mission Support

11. 64227F Flight Simulator Development		124,744		123,254		-969		122,285

Explanation: Delay in contractor negotiations.

12. 35130F Consolidated Space Operations Center		82,603		82,603		-643		81,960

Explanation: Reduce requirements analysis, interface definition and communication development support for NASA connectivity to CSOC.

13. 35171F Space Launch Support		74,970		74,970		-569		74,401

Explanation: Delay in launch schedules of three secondary payloads on the shuttle orbiter.

TOTAL REPROGRAMING DECREASES						-20,000		

Approved (Signature and Date)

William H. Taft

William H. Taft IV
Deputy Secretary of Defense

DD FORM 1415-2
1 Mar 83

9 APR 1986

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Replaces DD Form 1415-2, 1 Jul 79, which is obsolete

Mr. **CHAPPELL**. Are there questions?

Please answer the following question for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

PERSONNEL COSTS

Question. The addition of $20 million to the $336.4 million currently in the FY 86 ACS program would result in a total which is a 7% increase over FY 85 program. Since this program is mostly personnel cost, why is so large an increase required?

Answer. The 7 percent increase is a comparison between the amount appropriated in FY 85 and the amount requested for the FY 86 reprogramming. However, the attached table shows that the current FY 85 program has increased to $347.3 million due to the programmatic increase for the FY 85 pay raise and within-flex reprogramming. Growth between the current FY 85 program and the amount requested in the FY 86 reprogramming request amounts to about 2.5 percent.

The increase in authorized manpower and pay raise costs more than offset the increase requested. In addition, annualization of the FY 85 pay raise in FY 86, inflation on the non-pay items further compound the problem. In reality, to fund the FY 86 program at the FY 86 authorized manpower levels and at the FY 85 non-personnel level would cost approximately $372.5 million. However, this reprogramming request would result in total funding of $356.4 million, which is due primarily to funding Base Operations Support and Real Property Maintenance at $14 million below the FY 85 level.

TABLE 1

$333,269	Appropriated for FY 85
+ 3,999	Within-flex reprogramming was necessary to cover minimum essential requirements based on the FY 84 level of effort.
+ 10,029	Civlian pay raise effective 1 Jan 85 (9 months).
$347,297	Total FY 85 program
+ 3,343	Pay raise annualization (3 months)
+ 3,620	Non-pay inflation to pay for heat, light, power and contract services.
+ 18,213	Annualization of the pay for FY 85 and FY 86 personnel increases.
$372,473	FY 86 requirement for level of effort.
$356,425	FY 86 program (includes planned reprogramming)

Question. How much of the requested $20 million is specifically for pay costs, and how much is for other purposes?

Answer. The breakdown of the $20 million is as follows: $16.2 million—Civilian pay—will allow funding of approximately 8,400 manyears and avoid the need for a furlough; $3.8 million—Non-pay—Except for utilities and contract services, all non-pay items have been reduced below FY 85 actual funded levels. Even with the added funds, supplies and equipment are funded at less than 50 percent of the FY 85 level.

REAL PROPERTY MAINTENANCE/BASE OPERATIONS SUPPORT

Question. Of the $336.4 million in the FY 1986 program, how much goes for Real Property Maintenance, and how much goes for Base Operations Support?

Answer. At funding level of $336.4 million, we would require approximately $70 million excluding civilian pay, Base Operations Support and Real Property Maintenance. This is $14 million under the FY 85 funded level.

CIVILIAN PERSONNEL

Question. What is the total number of civilians funded in this program in FY 1984, FY 1985, 1986, 1987.

Answer.

	Authorized	Workyears
FY 1984	8,289	8,123
FY 1985	8,727	8,594
FY 1986	9,133	8,400
FY 1987	7,865	7,472

Note.—In FY 87, 206 spaces have been transferred to RPMA PE 65894F and 1,408 spaces will be funded in the new BOS PE (65896F), thus the comparable authorizations for FY 87 manpower is 9,128.

Question. What consideration has the Air Force given to reducing the number of civilian employees funded in this program?

Answer. Additional manpower has been authorized to match increased workload but due to budget constraints, we have been unable to fund the approved workforce as evidenced in the answer to the preceding question. In addition, the level of funding in FY 86 has forced the following actions:

a. A hiring freeze to reduce on-board strength,

b. Temporary employees were selectively released,

c. A furlough of all ACS funded employees will be required if the reprogramming request of $20 million is not approved.

[CLERK'S NOTE.—End of questions submitted for the record.]

Mr. CHAPPELL. Mr. Young?

FUEL PRICES

Mr. YOUNG. With the pretty dramatic decrease in the cost of fuel, why do we have to increase the fuel account?

General SMITH. The money was taken from this particular account and there was too much money to remove from this account in our view, by virtue of two things: the reductions taken by the authorization committees, compounded by that taken by Gramm-Rudman so we have to put money back into this account to fill up the account again.

While fuel prices have gone down, the relative amount of money left in the account wasn't enough to cover the costs.

Mr. YOUNG. Thank you.

Mr. CHAPPELL. Thank you, General.

WEDNESDAY, APRIL 30, 1986.

FISCAL YEAR 1986 ARMY REPROGRAMMING

WITNESS

MAJOR GENERAL JAMES F. McCALL, USA, DIRECTOR OF ARMY BUDGET, OFFICE OF THE COMPTROLLER OF THE ARMY

120 MM MORTAR

REPROGRAMMING No. 86-7N

INTRODUCTION

Mr. CHAPPELL. The committee will now consider reprogramming fiscal year 1986-7N, which proposes to reprogram $5,400,000 within Research, Development, Test and Evaluation, Army.

The stated purpose of this reprogramming is to fund the 120-millimeter mortar development program.

The witness appearing in support of this request is Major General James F. McCall, Director of Army Budget.

General McCall, your prepared statement and the reprogramming document will be placed in the record. Please summarize your statement and we will proceed with the questions.

General McCALL. 86-7N, as it relates to the RDT&E appropriation of the 120-millimeter mortar program, we are trying to put additional funding into that line in 1986 to accelerate our acquisition of the 120-millimeter mortar, both a family of three variants of the mortar, a TOW version and two other versions, and the ammunition that is needed, the family of ammunition that is needed for that mortar.

The additional funds are required because from the time we originally budgeted for the weapon, we included the ammunition and we asked all of our offerors—we have an RFP on the street and expect an answer back on 5 May, which is the closing date of the RFP.

[The statement of General McCall and the reprogramming document follow:]

Mr. Chairman and Members of the Subcommittee:

The reprogramming action before you proposes to reprogram $5,400 thousand within the fiscal year 1986 research, development, test and evaluation, Army [RDTE, A] appropriation from program element 23745A equipment upgrade to program element 64601A infantry support weapons. This notification is necessary because the reprogramming request exceeds $4,000 thousand. This program will be in support of the Army's new 120mm mortar program and will accelerate the effort to develop a new family of enhanced mortar ammunition. Accelerated development of ammunition is required to allow fielding of a full family of ammunition concurrent with the fielding of the mortar. This program is an innovative model for shortening of the deveopment and procurement process.

The equipment upgrade program that supports research and development of 105mm Howitzer enhanced ammunition has been restructured. This restructure allows the reprogramming of these RDTE funds to the infantry support weapons program in FY 1986.

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REPROGRAMING ACTION

Appropriation Account Title: RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY, 86/87

DoD Serial Number: *FY 86-7 N*

Component Serial Number: FY 86-14 N

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

NOTIFICATION ACTION

This action requires the notification of Congress because the FY 1986 funds to be reprogramed exceed $4.0 million and the total cost of the program will exceed $10.0 million within a three year period. The upgrade in capability provided by the 120mm heavy mortar system requires rapid development of the enhanced ammunition family necessary to realize the full growth potential of the system. This increase is for a higher priority item, based on unforseen military requirements, than the item for which funds were originally appropriated. This increase for which reprograming is requested has not been previously denied by Congress. This action meets all administrative and legal requirements of Congress and is included in the FY 1986 column of the FY 1987 President's budget.

REPROGRAMING INCREASE

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY, 86/87

BUDGET ACTIVITY 4: TACTICAL PROGRAM

a	b	c	d	e	f	g	h	i
64601A Infantry Support Weapons		22,551		22,551		+5,400		27,951

EXPLANATION: The 120mm mortar program is a high-priority program for the Army. Armored and mechanized units require a heavy mortar system with new technology ammunition. Thus the program is accelerated with a Non-Developmental Item mortar tube procurement and rapid efforts to develop the ammunition. Accelerated development of the ammunition family is required to allow fielding of the full family of ammunition simultaneously with the fielding of the mortar. This program is an innovation in shortening the procurement process and fielding a complete system. The additional $5.4 million is required to support the accelerated development and testing of the new family of enhanced ammunition.

TOTAL REPROGRAMING INCREASE (RDT&E, A, 86/87) +5,400

REPROGRAMING DECREASE:

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY, 86/87

BUDGET ACTIVITY 4: TACTICAL PROGRAM

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REPROGRAMING ACTION

Appropriation Account Title: RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY, 86/87

DoD Serial Number: FY 86-7 N

Component Serial Number: FY 86-14 N

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

NOTIFICATION ACTION

23745A Equipment Upgrade		38,945		38,945		-5,400		33,545

EXPLANATION: During FY 1985 the Army requested authority to reprogram $5.4M to the Equipment Upgrade Program in order to develop new 105mm artillery projectiles for use in the XM119 lightweight howitzer. Congressional denial of this action necessitated restructure of the 105mm ammo program. Delaying the start to FY 1986 meant that not all the funds originally programed for FY 1986 could be utilized since initial development contracts could not be awarded on schedule. Restoration of funds will not be required for this program in FY 1987 or outyears.

TOTAL REPROGRAMING DECREASE(RDT&E, A, 86/87) -5,400

Approved (Signature and Date)

William H. Taft

William H. Taft, IV
Deputy Secretary of Defense

17 MAR 1986

DD FORM 1415-2
1 Mar 83

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Replaces DD Form 1415-2 1 Jul 79, which is obsolete

PROPOSED DUE DATE

Mr. Chappell. The Army recently notified the committee of a second extension of the proposal due date until May 5, 1986. How can you slip a deadline from January to May without affecting other milestones?

General McCall. We believe that by holding to 5 May we can begin the test in September or October as planned, and that test milestone was the key.

Mr. Chappell. You have had two extensions. Are you going to ask for more extensions?

General McCall. No, sir, we are not. Each extension had a reason.

SOURCE—HOWITZER FAMILY

Mr. Chappell. Where do the moneys come from and what does it do to that program?

General McCall. These moneys come from the Howitzer ammunition family program. It reduces those funds ever so slightly, and I go back to a fiscal year 1985 reprogramming action we submitted that was to accelerate the program.

Because of the denial of those funds, things we had planned to do in fiscal year 1986 are unexecutable, so we are surrendering a portion of an unexecutable program.

We were developing new ammunition for the 105 Howitzer and we have funded to that, and there will be no impact on that program.

Mr. Chappell. Are there questions?

Please answer the following questions for the record.

[Clerk's note.—Questions submitted for the record and the answers thereto follow:]

MILESTONES

Question. How can you slip a deadline from January to May without affecting any other milestones?

General McCall. The change in solicitation date from January 15 to April 15 caused all associated milestones pertinent to testing and source selection to slip 3 months. The hardware has always been due to the Government by April 15, and in fact did arrive on time. Changing of the proposal due date to May did not affect any testing milestones.

Question. What is the total development cost for the mortar and ammunition?

General McCall. As of this date, a detailed profile for mortar and ammunition RDTE costs is not available, since information depends on both what the bidders have proposed and the quality of the ammunition families that will be in the competition. The preproposal funding profile for RDTE was:

	FY85/86	FY87	FY88
Weapon	10.7	4.6	0
Ammunition	18.5	8.8	5.9
Total	29.2	13.4	5.9

QUESTION. Also for the record provide the current program milestones.

General MCCALL. 120mm mortar current program milestones: Request For Proposal released, November 15, 1985; Drawings and Hardware delivery, April 15, 1986; Written Proposals due, May 5, 1986; Competitive Evaluation Test, May 8–August 21, 1986; Source Selection, September 11, 1986; Ammunition Certification, October 20–December 22, 1986; Operational Test II, January 5–March 5, 1987; Type Classify Weapon, March 23, 1987; Production Decision, US Production, March 30, 1987.

Question. What action have other Committees taken on this reprogramming?

General MCCALL. The HAC has been the first Committee to consider this reprogramming action, therefore, there has been no other action by other Committees.

[CLERK'S NOTE.—End of questions submitted for the record.]

REQUIREMENT FOR FUNDS

Mr. YOUNG. General, your prepared statement and the formal notification accompanying the reprogramming state that these funds will be used to accelerate the effort to develop a new family of enhanced mortar ammunition for the 120-millimeter systems.

We understand that the Army has not commenced an in-house development effort for the enhanced ammunition, but instead has asked industry whether it can provide the improved munitions. This is part of the RFP which is the basis of the current competition.

What would the money be used for?

General MCCALL. We will do three things with the money. One, we expect more offerors of an ammunition package than the original plan called. The pre-bid conference indicated that at that juncture, there were eight interested participants. That may bring us to the test phase with more than we had anticipated.

Secondly, we want to have a contingency ability to develop the illumination round which has been difficult, should the industry offerings not pan out. We will not know until 5 May.

Mr. YOUNG. We are talking about testing and evaluating the commercially produced ammunition, or are you also going to be doing an in-house development effort?

General MCCALL. We started, but suspended our activities when we found that two bidders were bringing families of ammunition for our competitive testing. We are talking about testing and evaluation and a contingency in the event that the commercial ammunition products do not pan out. We will only develop in-house if all RFP produced ammunition fails testing.

Mr. YOUNG. Are there any plans or funding set aside anywhere in the Army budget for the Army to conduct an in-house development effort for the 120-millimeter ammunition?

General McCALL. We hope the NDI package does work out, but if it does not, we will use these funds for ammunition development.

Mr. YOUNG. Thank you very much, General.

Thank you, Mr. Chairman.

Mr. CHAPPELL. Any other questions?

Thank you very much.

M88A1 RECOVERY VEHICLE

REPROGRAMMING No. 86-13 PA

INTRODUCTION

Mr. CHAPPELL. Let's turn to 86-13 PA, which proposes to transfer $8 million from procurement of weapons and tracked combat vehicles, Army to, RDT&E, Army, for the stated purpose of product improvements to the M88A1 armor recovery vehicle.

The witness appearing in support of this request is Major General James F. McCall, Director of Army Budget. General McCall, your prepared statement and reprogramming document will be placed in the record.

[The statement of General McCall and the reprogramming document follow:]

Mr. Chairman and Members of the Subcommittee:

The reprogramming action before you proposes to reprogram $8.0 million from the fiscal year 1986, weapons and tacked combat vehicles, Army [WTCV, A] appropriation to the fiscal year 1986 research, development, test and evaluation, Army [RDTE, A] appropriation. Your prior approval is necessary because this action requires general transfer authority. The funds requested for reprogramming will be used to develop product improvements for the M88A1 armor recovery vehicle. These product improvements are needed because field experience indicates that the M88A1 does not have the tractive power required to safely tow the M60A3, M1, and M1A1 tanks under all required conditions. Furthermore, it does not have the winching and hoisting capabilities required to effectively support the M1A1 tank fleet. The requested funding will provide for competitive modification and testing of engine, transmission, winch, and hoisting components and integration of these components into the basic M88A1 vehicle. Requested funds will allow the Army to correct this safety problem as quickly as possible with a low risk development effort.

Funds requested in the FY87 President's budget and programmed in FY88-89 will complete this development effort.

The M109 series Howitzer procurement program is decreased in FY86 to fund the M88A1 product improvement program. The M109 series Howitzer program has been restructured and these procurement funds are no longer required in FY 1986.

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Page 01 of 02 Pages

REPROGRAMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation, Army, 86/87 (includes transfer)

DoD Serial Number: FY 86-13 PA

Component Serial Number: FY 86-13 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

This action requests approval to transfer $8.0 million in 1986 from Procurement of Weapons and Tracked Combat Vehicles, Army, 86/88, to Research, Development, Test and Evaluation, Army, 86/87. This action is submitted for prior approval because it requires the use of the general transfer authority authorized by Section 1401, P.L. 99-145, and Section 8020, P.L. 99-190. This requested increase is for a higher priority item, based on unforeseen military requirements, than the item for which funds were originally apppropriated. This action has not been previously denied by the Congress, meets all administrative and legal requirements of Congress. It is included in the FY 1986 column of the FY 1987 President's Budget.

REPROGRAMING INCREASE:

Research, Development, Test, and Evaluation, Army, 86/87

Budget Activity 4: Tactical Programs

a	b	c	d	e	f	g	h	i
23735A Combat Vehicle Improvement Program	-	61,087	-	61,087	-	+8,000	-	69,087

Explanation: Approval is requested to provide $8.0 million to begin development of product improvements to the M88A1 armor recovery vehicle. These product improvements are needed because the M88A1 does not have the tractive power to safely tow the M60A3, M1, and M1A1 tanks. Furthermore, it does not have the winching and hoisting capabilities required to support the M1 tank fleet. The requested funding will support modification and testing of engine, transmission, winch, and hoisting boom components and integration of these systems into the basic vehicle. The fielding of the improved M88A1 will permit combat damaged and inoperative tanks to be effectively recovered and repaired for return to the field.

Total Reprograming Increase (RDT&E, Army, 86/87) +8,000

REPROGRAMING DECREASE:

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Page 02 of 02 Pages

REPROGRAMING ACTION

Appropriation Account Title: **Research, Development, Test, and Evaluation, Army, 86/87 (includes transfer)**

DoD Serial Number: *FY 86-13 PA*

Component Serial Number: **FY 86-13 PA**

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i
Howitzer, Med SP FT 155mm M109 SER (MOD)	-	15,112	-	15,112	-	-8,000	-	7,112

PRIOR APPROVAL ACTION

Procurement of Weapons and Tracked Combat Vehicles, Army, 86/88

Budget Activity 1: Tracked and Combat Vehicles

Howitzer, Med SP FT 155mm M109 SER (MOD)

Explanation: These funds are not required in FY 1986 for the M109 Series Howitzer modification program due to program schedule restructuring. Reinstatement of these funds is not planned in FY 1986. Restoration will be required in later years to complete this modification program.

Total Reprograming Decrease (PW&TCV, Army, 86/88) -8,000

Approved (Signature and Date) William H. Taft

William H. Taft, IV
Deputy Secretary of Defense

DD FORM 1415-1 1 Mar 83 17 MAR 1986

UNCLASSIFIED
CLASSIFICATION

Replaces DD Form 1415-1, 1 Jul 79, which is obsolete

POWER TO TOW TANKS

Mr. CHAPPELL. I understand the real purpose is to give you more power so that you can safely tow the M60A3, M1, and M1A1 tanks; is that right?

General McCALL. Yes.

Mr. CHAPPELL. You can't tow them now?

General McCALL. We can tow them with some risk and depending on the angle or the place that you are trying to tow the vehicle from.

In Europe, the current modifications was to attempt to tow the M60A3 with two. That is a risky operation, but it can be done.

The M88 as originally designed would tow a 55-ton vehicle and as the other series tanks have come along, we are at the margin of being able to tow the M60. The M1A1 will be hard to tow.

SOURCE—HOWITZER MODS

Mr. CHAPPELL. You have taken it from the combat vehicles account to RDT&E. What does it do to the account from which you are transferring the funds?

General McCALL. The HELP/HIP (Howitzer Extended Life Program/Howitzer Improvement Program) program from which we are transferring is really a restructure at congressional direction. We had attempted to do that program of refurbishing the 109 Howitzer in two phases. When we presented the 1985 budget, Congress said, cautioned us that that wasn't the way to do that.

Once we pulled the Howitzers back, we attempted to do all the upgrade at one sitting. We had budgeted for two phase upgrades of that Howitzer and constructing the budget this way frees up the funds.

Mr. CHAPPELL. So, you are following Congressional intent in the transfer?

General McCALL. Yes, sir.

Mr. CHAPPELL. Are there questions?

Please answer the rest of the questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

M88A1 PROGRAM

QUESTION. The reprogramming document states that "the M88A1 does not have the tractive power to safely tow the M60A3, M1, and M1A1 tanks." In this regard, what does "safely" mean? Can the M88A1 tow these tanks under some circumstances?

General McCALL. At 56 tons and 750 horsepower the M88A1 cannot generate enough tractive power to tow the M60A3 (57.3 tons), M1 (60 tons), or M1A1 (63 tons) tanks under all required soil and slope conditions. As a result, the M88A1 slides backward and sideways when towing up some slopes and is pushed uncontrollably when trying to tow down other slopes. This problem has been a contributing factor in several M88A1 accidents in recent years. It occurs primarily on slopes of between 20 and 30 degrees, but can occur on lesser slopes under wet conditions. As a short-term solution to this problem the Army currently requires an M88A1 to be used both in front and behind each towed M60A3 or M1 series tank. This operational expedient reduces the recovery capability of tank forces by 50 percent, and therefore is not an appropriate long-term solution to this problem.

Question. Will this program require equipping the M88 with a new engine? Which one?

General McCall. Yes; an engine with greater horsepower will be required to correct this problem. The 1050 horsepower AVDS-1790-8DR engine, a variant of the engine currently in use in the M60 tank fleet, has been proposed by BMY, the current M88A1 contractor. The Army has developed a competitive acquisition strategy for the improved M88A1 which will allow other engines to be considered if they can be provided within the limited development time available.

Question. Have modifications to the M88 transmission already been developed? Have they been tested?

General McCall. The XT-1410-5X transmission has been tested with the AVDS-1790-8DR engine to demonstrate the feasibility of this power pack combination. Additional reliability and durability testing will be required, however, if this combination is selected as the final power pack solution.

Question. For how long has the Army known that the M88A1 was inadequate for the current tank force?

General McCall. The Army has been trying to correct this problem since 1984. During FY85, a series of field demonstration tests and model simulations were conducted to determine the relative feasibility and cost effectiveness of an improved M88A1 versus a new recovery vehicle based up the M1 tank chassis (RV90). In December 1985 the Army decided to develop the improved M88A1.

NEW RECOVERY VEHICLE

Question. Prior to deciding to improve the M88A1, did the Army intend to develop a new recovery vehicle? What funds were included in the FY 1986 budget for that effort?

General McCall. The Army considered a new development effort (RV90), but determined it was not affordable nor timely. Funds were never budgeted for this effort.

PURPOSE OF REPROGRAMMING

Question. What specifically is planned to be done with the $8.0 million requested in this reprogramming?

General McCall. The Army has developed an acquisition strategy for the design of winch, boom, armor, and power pack components for the improved M88A1 and the integration of these components into the existing M88A1 envelope. This strategy includes a three year development and testing effort. During FY86, a program office will be established, a Request For Proposal (RFP) for the competitive development will be released, source selection will be accomplished, Government Furnished Equipment (GFE) will be purchased to support the contract for prototype development, and program management documentation will be prepared. The requested $8.0M is budgeted for these activities in the following amounts:

GFE for prototypes	$4.0M
Program Documentation	.5M
Source Selection	.5M
Contractor R&D	3.0M
Total	8.0M

This success oriented FY86 schedule is based upon Congressional approval of the requested reprogramming in 3QFY86. If this FY86 reprogramming is not approved, a FY87 reprogramming will be required to maintain schedule.

COSTS AND MILESTONES

QUESTION. What is the total development cost for M88A1? Reconcile that figure with the $307 million shown in the Congressional Descriptive Summary for FY 1987.

General McCALL. The Army has programmed $25.2M for this development during FY86–88. Ongoing decisions concerning the degree of program competition may increase this requirement to $38.0M. The $307 million shown in the Congressional Descriptive Summary is a printing error. This column should read $25.2 million.

QUESTION. Provide for the record a funding profile and milestone chart for M88A1 Product Improvement.

General McCALL. The approved funding profile and milestone chart are shown here. Due to recent program decisions, some minor adjustments in outyear RDT&E dollars may be required along with significant changes in initial advance procurement. The Army is continuing to refine the program acquisition strategy in this regard.

IMPROVED M88A1 Funding

[In millions of dollars]

	FY86	FY87	FY88	FY89	FY90	FY91	To complete
RDTE	8	9.4	7.8				
Adv procurement		42.8	72.8	75.3	77.5	79.8	438.6
Procurement				121.1	154.4	155.1	978.5
Quantity			100	150	150	150	833

Improved M88A1 Milestones

Program Initiation	3Q86
Full Scale Development	4Q86—1Q89
Development and Operational Testing	2Q89—1Q89
Production Contract Award	2Q88
First Unit Equipped	4Q90

AQUILA REMOTELY PILOTED VEHICLE

REPROGRAMMING NO. 86-17 PA

INTRODUCTION

Mr. CHAPPELL. We will take up 86–17 PA, where you ask to transfer $35.3 million from other procurement to RDT&E. The stated purpose of this reprogramming is to fund continuation of full-scale development of the Aquila RPV program.

The witness appearing in support of this request is Major General James F. McCall, Director of Army Budget. General McCall, your prepared statement and the reprogramming document will be placed in the record.

[The statement of General McCall and the reprogramming document follows:]

Mr. Chairman and Members of the Subcommittee:

The reprogramming action before you proposes to reprogram $35.3 million from the fiscal year 1986 other procurement, Army appropriation to the fiscal year 1986 research, development, test, and evaluation [RDTE], Army appropriation.

Your prior approval is necessary because this reprogramming requires general transfer authority. These funds support the required RDTE for the Remotely Piloted Vehicle [Aquila] program full scale engineering development. Aquila RPV is presently nearing completion of full scale development. During Government development test II [DT II], it was determined that Aquila RPV did not meet all its design specifications. The Army stopped the testing and negotiated with the Aquila contractor [Lockheed] an arrangement whereby the system technical problems would be corrected at their expense and validated by the Army, prior to continuing DT II. As a result of these actions, the Aquila RDTE program has been extended twelve months, with a production decision scheduled during third quarter fiscal year 1987.

Successful completion of the Aquila RPV program will provide the Army with a system for target acquisition, artillery adjustment, and laser designation in the interest combat environment of central Europe. The capabilities provide a unique combination of features which are offered only by the Aquila RPV system, i.e. Acquisition and precision laser designation of targets for guided munitions—low infrared and radar detectability—and a data link resistant to severe jamming. The funding source for this reprogramming is the Aquila RPV procurement program. These funds are available because of program restructuring and the decision not to procure initial Aquila hardware in FY 86.

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Page 1 of 2 Pages

REPROGRAMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation Army, 86/87 (includes transfer)

DoD Serial Number: FY 86-17 PA

Component Serial Number: FY 86-12 PA

	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

This is submitted for prior approval because it requires the use of the general transfer authority authorized by Sec. 1401, P.L. 99-145; and Sec. 8020 P.L. 99-190. The item for which reprograming is requested has not been previously denied by the Congress, meets all administrative and legal requirements of the Congress, and is included in the FY 1986 column of the FY 1987 President's Budget. This increase for the high priority Remotely Piloted Vehicle (RPV) Program is based on the unforeseen military requirement to support the extended (one year) full-scale development (FSD) phase. This FSD extension of one year precedes the planned hardware acquisition.

REPROGRAMING INCREASE:

Research, Development, Test and Evaluation, Army 86/87:

Budget Activity 4: Tactical Programs

64730A Remotely Piloted Vehicle (RPV)		21,892		36,665		+35,300		71,965

Explanation: These funds will support required completion of the Full-Scale development phase in preparation for an Army production decision. Approval is requested to provide $35.3 million in funds to continue the FSD phase for the AQUILA RPV Program. During Government Development Testing (DT II), it was determined that the AQUILA RPV did not meet all its design specifications. The Army ceased testing and negotiated with the AQUILA contractor (Lockheed) for solutions to these problems which would be corrected and demonstrated at the contractor's expense. Significant progress toward correcting technical problems has been made by the contractor. At his own expense, the contractor performed a test-fix-test effort from October through December 1985 and successfully demonstrated his fixes to the Army in January 1986. The demonstration was completed with a live fire exercise in which the AQUILA RPV acquired, auto-tracked and designated tank

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Page 2 of 2 Pages

REPROGRAMING ACTION

Appropriation Account Title: Research, Development, Test and Evaluation Army, 86/87 (includes transfer)

DoD Serial Number: **FY 86-17 PA**

Component Serial Number: FY 86-12 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

targets. In nine trials, AQUILA guided COPPERHEAD "smart" munitions into four moving tanks and four stationary tanks, one COPPERHEAD failed. The Army started DT II at the end of February 1986. These actions have extended the AQUILA RPV RDT&E program twelve months (February 1986 thru March 1987), with a production decision now scheduled during the third quarter of FY 1987. The requested RDT&E funds are required to complete DT II, perform a collective training phase prior to Operational Testing (OT II), and perform OT II through FY 1986. Successful completion of the AQUILA RPV program will provide the Army with a system for target acquisition, artillery adjustment, and laser designation in the intense combat environment of Central Europe.

Total Reprograming Increase (RDT&E, Army, 86/87)						+35,300		

REPROGRAMING DECREASE:

Other Procurement, Army, 86/88

Budget Activity 2: Communications and Electronics Equipment

RPV TA/Design Aerial Recon Sys (TADARS)	XX	62,527	XX	62,527	XX	-35,300	XX	27,227

Explanation: The $35.3 million is available from the OPA AQUILA RPV program because of its recent substantial restructuring and the decision not to procure initial hardware systems in FY 1986. Remaining procurement funds purchase non-developmental items to be evaluated as part of the Army's Family of Unmanned Aerial Vehicles, Early Operation Capability system spares, and pre-production proofing items (small RPV sub-components), used to validate component producibility. Restoration of funds are not required in FY 1986, FY 1987, or the out years.

Total Reprograming Decrease (Other Proc, Army, 86/88)						-35,300		

Approved (Signature and Date)

William H Taft

William H. Taft, IV
Deputy Secretary of Defense

26 MAR 1986

DD FORM 1415-1
1 Mar 83

UNCLASSIFIED
CLASSIFICATION

Replaces DD Form 1415-1, 1 Jul 79, which is obsolete

FUNDING

Mr. **Chappell**. The reprogramming document shows a fiscal year 1986 "program base reflecting Congressional action" of $21,892,000, and a "program previously approved by SecDef" of $36,665,000.

When and how did the Secretary of Defense add $14,773,000 to the fiscal year 1986 funding for Aquila development?

General **McCall**. Sir, I am not absolutely sure. I will have to provide that for the record.

I do show the base at $36.6.

Mr. **Chappell**. Where did the $14.773 million come from?

General **McCall**. Sir, I will have to get that audit for you for the record.

[The information follows:]

The $14,773,000 was approved as an Aquila internal reprogramming from RPV 6.3 Advanced Development to RPV 6.4 Engineering Development. This action was approved by the Deputy Secretary of Defense on 27 March 1986 and is consistent with both Congressional testimony provided in FY 1985, and the FY 1986 Congressional Descriptive Summary for RPV Advanced Development (PE 63725) which indiciated that the Army would no longer pursue advanced development efforts in the Aquila program beyond FY 1985.

Mr. **Chappell**. Why do you need to transfer?

General **McCall**. The transfer is necessitated going back in history to the restructure of the entire Aquila RPV effort.

In September last year, we were conducting a development test that was not going well both in the view of the Army and of the Congress, and suspended that test and put the contractor on notice that he had to take the Aquila into a fixed-test, fixed mode and demonstrate that it would meet up to our performance standards. It was not doing that.

Mr. **Chappell**. Has it been able to do that?

General **McCall**. Yes, sir. In January, we had a nine-shot test with the Copperhead, eight of which were successful. From that date to this, and I have data up to 23 April, we are getting a 94 percent success rate.

Mr. **Chappell**. Does this mean it is going to cost more money?

General **McCall**. No, sir. This action simply moves the money from procurement to R&D.

Mr. **Chappell**. It is not there because it is going to cost more money than you anticipated?

General **McCall**. The program will cost more money than is in the 1987 budget, because we want to buy more battery sets.

Mr. **Chappell**. That doesn't necessarily mean the program is going to cost more. The transfer is not because——

General **McCall**. No, sir, this transfer is to realign what had been procurement dollars into RDT&E.

Mr. **Chappell**. What does it do to the other procurement account?

General **McCall**. It has no effect, because the contractor put up their own money for the fix test fix, $36 million of his money to bring the system up to our design specifications.

We have had the test, as I said, up to 23 April, the test reports are good, and we now in that agreement would like to pay our share of the 1986 budget.

Mr. CHAPPELL. Are there questions?

NEED FOR AQUILA

Mr. YOUNG. Mr. Chairman, is there any question in the Army's mind that Aquila is definitely the way to go?

General McCALL. There is no question that an Aquila system is the way to go. The question has always been the cost of the system and whether we could get those capabilities at a reasonable cost, but I think it is proven by all of our analyses, that something that can extend your eyes over five kilometers and give you that capability to direct the artillery and laser-guided munitions is the way to go.

It has been curious that some of the criticisms of the Aquila have proven to be the failings of other types of vehicles.

Mr. YOUNG. That is the reason I asked the question, because I know there has been a lot of criticism of Aquila and I get the feeling there may be more.

I assume that you have examined other potential candidates for the same mission.

General McCALL. We are concurrently at the direction of Congress looking at other candidates. We have funded for that effort, and we may evolve into some high/low mix configuration if there are other candidates, but nothing on the market will do what Aquila can do and we believe we need that capability.

Mr. CHAPPELL. Mr. Livingston, any questions?

Mr. LIVINGSTON. No questions.

Mr. CHAPPELL. Let me ask one further question. This is a very expensive program, and you are looking at a lot of other alternatives. Are you still convinced that this is the way to go?

General McCALL. Sir, we are looking at other systems at your direction, and we may, as I answered to Mr. Young, evolve some aspect of a high/low mix, but we believe the Aquila embodies a capability we will need. We believe we need the kinds of things Aquila will do, and that we can get it for a reasonable price.

Mr. CHAPPELL. Thank you, General.

Please answer the rest of the questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

DEVELOPMENT TEST II

QUESTION. The reprogramming document says that $35.3 million is needed, in part, to complete DT-II. However, the Army has previously testified that DT-II will end in May, 1986. How much of the $35.3 million is in fact for DT-II efforts? What will the remainder of the funds be used for, specifically? Will DT-II in fact be completed in May 1986?

General McCALL. None of the $35.3 million will be spent on the actual conduct of DT-II; however, funding requirements for DT do not end with the test. There remain post DT evaluations, test reports and software/hardware fixes identified during the DT. A portion of the $35.3 million will be used to support these events. The remainder will be used to fund fourth quarter FY 1986 continuation of collective training and initiation of the formal OT–II. DT–II testing will be complete in May 1986.

QUESTION. How much has been spent to date on Aquila development?

General McCALL. Through FY 1985, the Army has spent $623 million on Aquila system development. FY 1986 obligations to date are approximately $31 million. The entire FY 1986 appropriation is expected to be obligated by 30 June 1986. During FY 1986, the combined Lockheed/Government obligation and expenditure rate has averaged $30 million per quarter.

OTHER RPV SYSTEMS

QUESTION. What other RPV systems does the Army have in operation and in development?

General McCALL. At the present time, the Army has the Aquila system in development to satisfy the Target Acquisition, Designation and Aerial Reconnaissance mission. We are cooperating through a Memorandum of Understanding with the Navy to develop AMBER RPV technology for other missions. Until recently the Army was evaluating the Lear Seigler Skyeye RPV in an operational environment; however, this effort has been terminated. During FY 1986, the Army will sponsor a competitive "fly-off" of commercial systems resulting in a procurement to satisfy a near term requirement for a Corps Intelligence/Electronic Warfare RPV platform.

QUESTION: What involvement has the Army in the RPV programs of the other Services?

General McCALL. The Army's Family of Unmanned Aerial Vehicles (UAVs) has been established in coordination with the Air Force, Navy and Marine Corps. Using a Joint Requirements Management Board (JRMB) review of Service requirements and programs, the Army developed guidelines to ensure a common strategy for development and acquisition of UAVs which eliminates any duplicative efforts.

The Army's UAV requirements are predominantly short range. The Army coordinates/cooperates very closely with the Navy and Marine Corps which have requirements for short range UAVs. The Army primarily monitors the Air Force UAV efforts which are directed toward medium to long range UAVs.

The Army and Navy established a Memorandum of Agreement (MOA) for a Remotely Controlled Vehicle (RVC) Joint Program in June 1985. Both Services are working closely with the Defense Advanced Research Projects Agency to develop the Amber system technology. The Army and Navy are currently staffing a second MOA for an UAV Joint Program which addresses a common strategy for research, development and acquisition of short range UAVs. The family of UAVs excluding Aquila will fall within the scope of this MOA.

In summary, there is an excellent relationship with the Army's family of UAVs to programs of the Air Force, Navy and Marine Corps.

[CLERK'S NOTE.—End of questions submitted for the record:]

WEDNESDAY, APRIL 30, 1986.

FISCAL YEAR 1986 DEFENSE AGENCIES REPROGRAMMINGS

DEFENSE LOGISTICS AGENCY

WITNESSES

MAJOR GENERAL DONALD P. LITKE, USAF, DEPUTY DIRECTOR, DEFENSE LOGISTICS AGENCY

DONALD SHYCOFF, DEPUTY COMPTROLLER, DEFENSE LOGISTICS AGENCY

DEFENSE STOCK FUND

REPROGRAMMING NO. 86-9PA

INTRODUCTION

Mr. **CHAPPELL**. We will hear next from the Defense Logistics Agency, Major General Donald P. Litke, Deputy Director.

The Committee will now consider reprogramming fiscal year 1986-9PA, which proposes to transfer $58 million from the Defense Stock Fund and $10 million from Procurement, Defense Agencies, 1986/88 to Operation and Maintenance, Defense Agencies, 1986.

The stated purpose of this reprogramming is to sustain the September 1985 employment level during fiscal year 1986 to avoid reductions in readiness.

General, your statement will be placed in the record. Just give us a quick summary of the purpose, why you need to do it and what happens to the program and where you transferred the funds from.

SUMMARY STATEMENT OF GENERAL LITKE

General **LITKE**. With me is Don Shycoff, our Deputy Comptroller.

I have half a dozen charts I would like to show that might explain graphically what we are trying to do.

[Slide follows:]

KEY WORKLOAD/PERFORMANCE STATISTICS

- OVER 20 MILLION ITEMS RECEIVED AND SHIPPED
- 2.5 MILLION ITEMS MANAGED; 55% OF DoD's NSNs
- 30 MILLION REQUISITIONS PROCESSED
- 1.4 MILLION CONTRACTS AWARDED
- 450,000 CONTRACTS ADMINISTERED
- 2.8 MILLION INVOICES PAID
- 14 BILLION IN STOCK FUND SALES
- 700,000 WEAPON SYSTEMS ITEMS MANAGED
- 1040 WEAPON SYSTEMS SUPPORTED
- 80% OF CONTRACTS AWARDED COMPETITIVELY
- 89% SUPPLY AVAILABILITY

KEY WORKLOAD PERFORMANCE STATISTICS

General LITKE. Again as a synopsis of what we do, there are some very large numbers that have major impact on the readiness of our services. We do nothing for ourselves. Everything that we do is generated by the Services and we perform for the Services and as a result have major impact on their readiness.

Mr. YOUNG. Before you leave that chart, we passed over that pretty quickly and DLA comes in for a lot of criticism, as you know.

Give us some idea what it means to receive and ship 20 million items. That sounds like a lot to me.

General LITKE. It is 75 percent of all the items received and shipped within the DOD. I will show you on subsequent charts that what we do has a major impact. We are talking again in terms of contracts awarded, weapon systems supported, major impacts not only on day-to-day activities, but on the readiness equation.

Near the bottom of the chart you will see that we currently support over a thousand systems identified as weapon systems by the services and over 700,000 items supporting those individual systems.

We supply 65 percent of the items for the combat weapon systems.

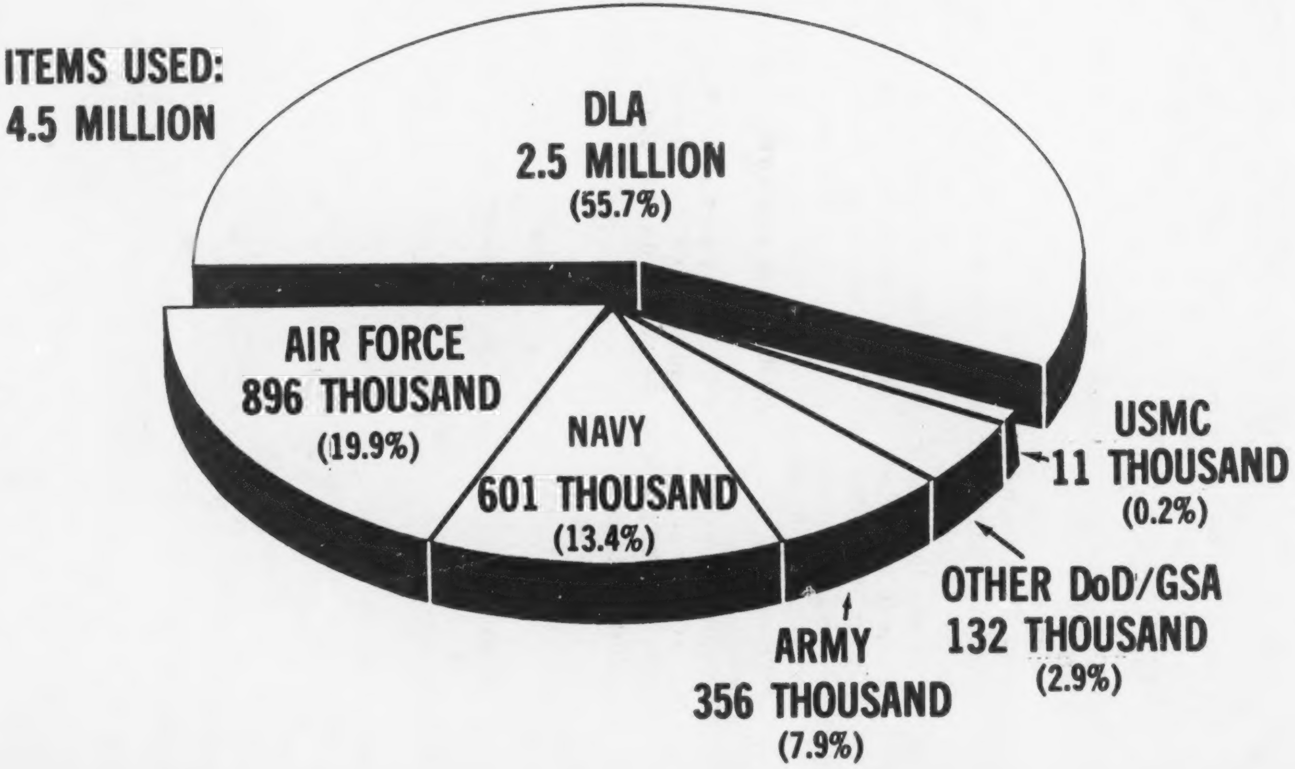
Mr. YOUNG. Do you intend to place this chart in the record?

General LITKE. It is in the record as part of my statement.

[Slide follows:]

DoD ITEM MANAGEMENT

FIRST QUARTER FY 1986

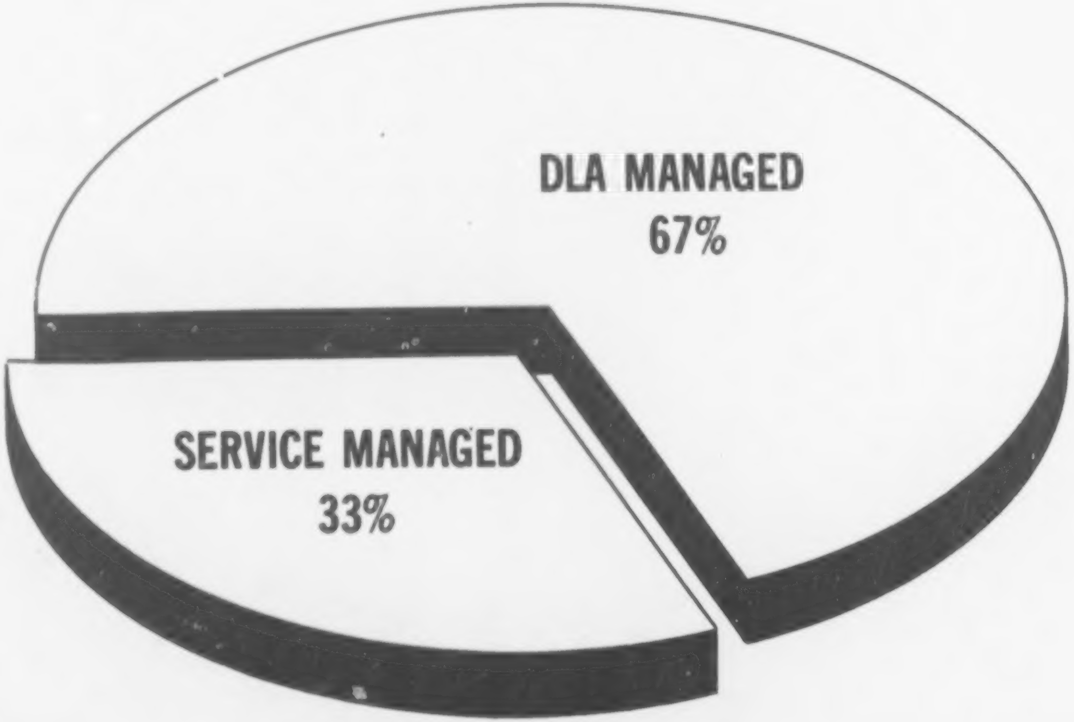


DOD ITEM MANAGEMENT

General LITKE. Of the 4.5 million items managed within the DOD, we manage more than all the rest of the services and agencies put together; in fact, 56 percent.

[Slide follows:]

CONSUMABLE ITEMS MANAGEMENT



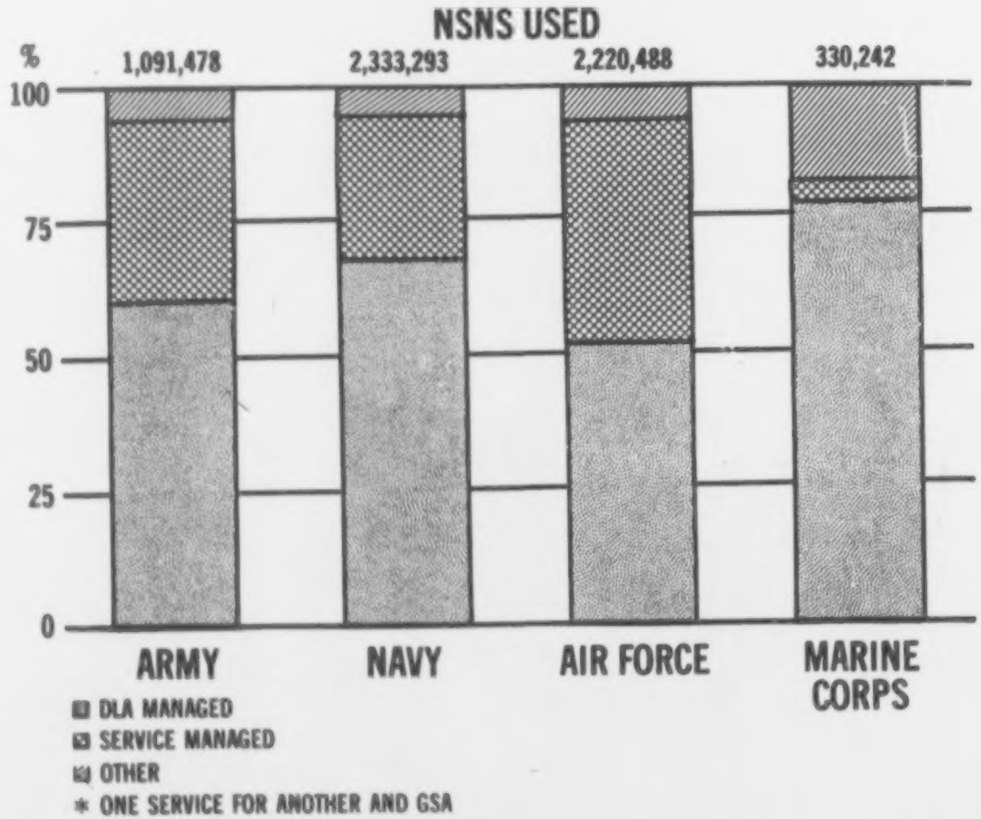
General LITKE. When you look at consumable items, nonreparables, we have 65 percent of the entire inventory.

I am sorry because of the light that it is a little difficult to see.

[Slide follows:]

MILITARY SERVICE ITEM USE AND MANAGEMENT

FIRST QUARTER FY 1986



General LITKE. What this shows are items that are used by the individual Services. The aggregate will come up to more than the 4.5 million because more than one Service uses the same items.

The column on the left shows that the Army uses slightly over a million items, yet they manage 35 percent of the items. We manage, buy, stock, store, and issue about 65 percent of everything that the Army uses. The Navy, as you can see, is by far the largest user with nearly 2.5 million items used and we manage about 70 percent of the items that are consumed by the Navy.

Mr. CHAPPELL. Why does the Navy and Marine Corps use so many more items than the Army?

General LITKE. They have elected to have us manage the items rather than manage them themselves.

Mr. CHAPPELL. In your opinion, is that more efficient?

General LITKE. We think there are great efficiencies to be accrued by a central agency managing consumable items, managing items used by more than one service and by managing items within a family.

There are thousands of kinds of bolts, but it is much more efficent if the same item manager works the bolts because of the class knowledge.

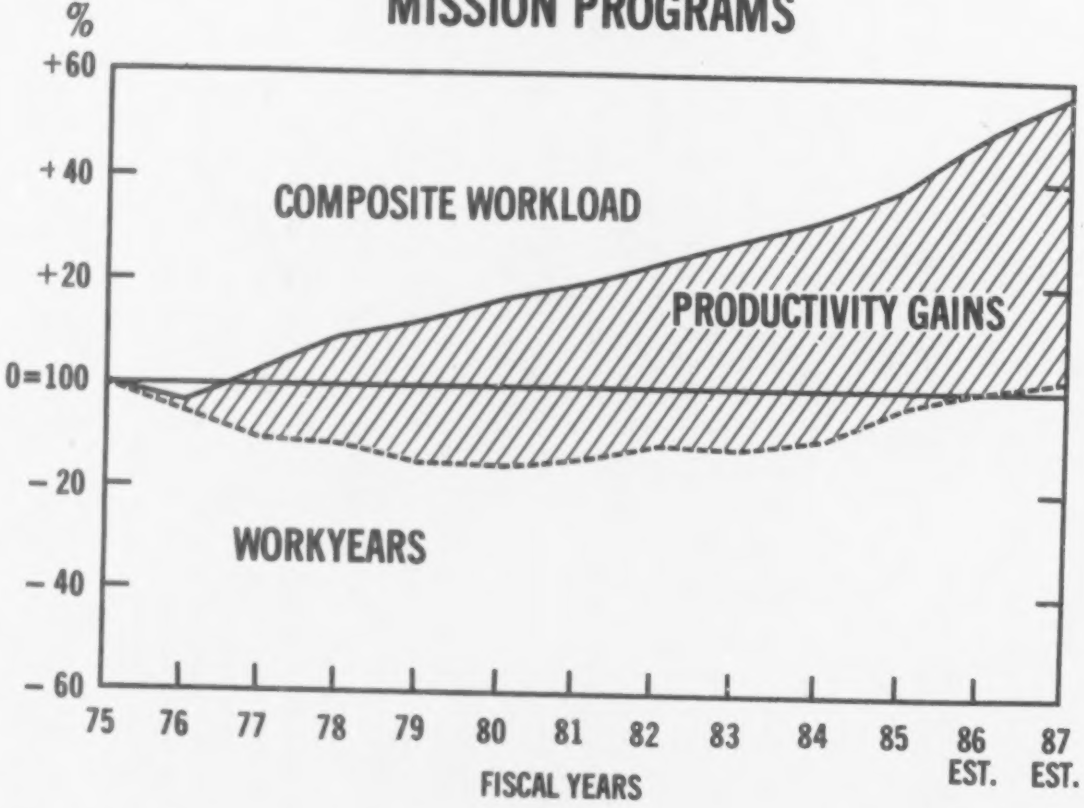
Mr. YOUNG. Has DLA ever done a study regarding the amount of commonality that exists in these programs? Is there enough? Could there be more?

You mentioned thousands of bolts. Could those thousands of bolts be reduced?

General LITKE. We are defining heads of families where we have a series of diodes or resisters or tubes that are similar. We try to migrate the requirements to the head of the family and eliminate other members of the family. That is a substantial effort that has tremendous payback dividends in our opinion.

[Slide follows:]

DLA PRODUCTIVITY
MISSION PROGRAMS



PRODUCTIVITY

General **Litke**. This chart attempts to show, starting from a baseline of 1975, what we had in terms of work years and our work load. You can not see too well on the chart, unfortunately, but during the period of 1975 through our projected 1987 budget, we have essentially the same number of work years requested and yet our work load has increased by about 60 percent. We feel that our system has done a reasonably good job of increasing the productivity capabilities within the agency.

The chart also shows that this year we are seeing as of this point about a five percent growth in our work load if you project a straight line. If you project it at the most recent month, March, it goes up to 5.8 percent.

If projected at the curve we are experiencing in the work load, it will go to nine percent.

Mr. **Chappell**. So this is an increase for more people?

General **Litke**. We hope to keep the same number of people on board we had last year.

Mr. **Chappell**. Are you trying to restore the Gramm-Rudman-Hollings cut?

General **Litke**. No, we are not. Hopefully I can show that on the next chart.

[Slide follows:]

DLA O&M RESOURCE SUMMARY

	1986 CONSTANT DOLLARS ($M)
FY 1985 ACTUAL	1,674
CURRENTLY AVAILABLE	1,593
THIS REPROGRAMMING	68
	1,661

WORKYEARS

FY 1985 ACTUAL	50,295
FY 1986 BUDGET	51,501
FY 1986 AS OF 31 MARCH	50,719

O&M RESOURCE SUMMARY

General **Litke**. You will see that we ended the year at $1,674,000,000 in a very austere program. In fact, we thank you for providing us a supplemental at the end of the year to allow us to bring on additional people to accommodate the stretchout we have in production and procurement lead times brought about by initiatives to ensure competition and ensure our buyers know what they are buying.

Against that 1985 actual baseline we currently have $1,593,000,000 currently available to us. With the $68 million that we are asking for now it will bring us to a level of $1,661,000,000 which is less than what we ended with in 1985.

At the bottom of the chart where it translates into work years, we ended paid equivalents in 1985 at slightly over 50,000, 50,295.

We budgeted an increase of 1,200. We currently are running at 50,791, but again with the work load increases that we have seen thus far and extrapolated for the rest of the year, we feel that that level of work years will definitely be required.

Mr. **Chappell**. General, you were before the Committee earlier in the year.

General **Litke**. Yes, sir.

Mr. **Chappell**. You stated in your earlier testimony that you are proceeding to execute your budget plan this year assuming the proposed reprogramming would be approved despite the knowledge that the Committee does not like this kind of reprogramming. If you had employed a selected hiring freeze and taken other actions beginning back in December or January after enactment of Gramm-Rudman-Hollings, how much of the shortfall of the $68 billion do you think you could have realized?

General **Litke**. Very little. We have taken several selective hiring freezes, reduced overtime and implemented belt-tightening initiatives. We looked at, as of the first of January and each month incrementally thereafter, the impact of an across-the-board hiring freeze.

Had we done it at the very first opportunity, we could have avoided about $20 million worth of pay.

It was our judgment that the turmoil caused by the skill imbalances plus the impact on the readiness equation that I have described did not justify that. So we have proceeded despite our significant belt-tightening activities to try to perform at the level that the services would expect. If the reprogramming is not forthcoming we have a plan, and that plan will be to furlough the entire civilian work force, about 50,000 people, for about three weeks. We are capable of doing that, and we know that other agencies have done that, but that comes at the price of readiness because we do nothing for ourselves.

Everything we do is in response to Service requests.

Thank you.

[The statement of General Litke and the reprogramming document follow:]

Mr. Chairman and Members of the Committee:

I am Major General Don Litke, deputy director of the Defense Logistics Agency. DLA currently has two reprogramming actions before the committee. One is $68 million for operation and maintenance from the defense stock fund and the procurement accounts. The other is $5 million for research, development, test and evaluation from the procurement account. I believe I can demonstrate the urgency of our requirements with some very simple viewgraphs.

First, the O&M reprogramming action.

The first few viewgraphs display the things we do and the size of our business. We do none of this work for ourselves. Nor do we choose what we do. We react to the demands of our customers, the military services, who depend heavily on our people, 98% of whom are out in the field providing day-to-day support.

The next viewgraph demonstrates that we have a good record of offsetting workload increases with increases in productivity. Our FY 1987 estimated workyears are approximately the same level as FY 1975 despite an increase in workload of about 60% since that time.

During FY 1985 we added people to our procurement work force to get more competition and to implement contracting reforms. We also added to our contract administration workforce in order to do a better job in that area. In FY 1985 our O&M direct obligations were $1645.0 million. Our current authority is only $1593.0 million.

As shown on the next viewgraph, with approval of the reprogramming, we will continue to be on a very austere funding situation since we will have to fund the full year impact of last year's personnel increases and the higher workload with funding authority which is below the FY 1985 level in constant dollars. Approval of this reprogramming will allow us to avoid a 15 day furlough of our entire work force and the severe impact this would have on readiness. However, even at the revised level, we will have to take some undesirable actions that may impact our readiness.

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Page 1 of 3 Pages

REPROGRAMING ACTION

(Includes Transfer)

Appropriation Account Title:
Operation and Maintenance, Defense Agencies, FY-86

DoD Serial Number:
FY 86-9 PA

Component Serial Number:
FY 86-6 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*

PRIOR APPROVAL ACTION

This reprograming action is submitted for prior approval because it proposes the use of general transfer authority pursuant to Section 8020, P.L. 99-190, DoD Appropriations Act, 1986, and Section 1401, P.L. 99-145, DoD Authorization Act, 1986. This reprograming action is required to prevent further degradation of support to the operating forces and Military Service depot maintenance programs. Operations of many critical weapon systems are dependent on Defense Logistics Agency (DLA) managed repair parts. Similarly, the Services' depot maintenance activities rely on DLA-managed parts to accomplish much of their maintenance. In order to preclude significant reductions in readiness, the September 1985 employment level must be sustained during FY 1986. This action will provide funding of that employment level. Any further increase in workload will have to be accommodated within these funds. The increase is for a higher priority item, based on unforeseen military requirements, than the items for which funds were originally appropriated, and the item for which reprograming is requested has not been denied by Congress. This action is included in the FY 1986 column of the FY 1987 President's budget.

REPROGRAMING INCREASE:

Operation and Maintenance, Defense Agencies, FY-86

LINE ITEM	b	c	d	e	f	g	h	i
Defense Logistics Agency		1,603,827		1,606,527		+68,000		1,674,527

Explanation: DLA resource requirements are primarily influenced by the activities of the Military Services. As the numbers of weapon systems in the operating forces increase, the supply support required of DLA increases. DLA is currently filling 75 percent of all Service requisitions. Similarly, as the investment programs increase, DLA is called on to administer more contracts. DLA manages over 2.5 million items, fills over 30 million requisitions, awards over 1.4 million contracts, disburses over $56.3 billion a year, and administers over 450,000 contracts for the Military Services. Overall workload has been increasing by an average of five percent per year.

In addition to the growth in workload, resource requirements are also driven by changes

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REPROGRAMING ACTION

Appropriation Account Title: (Includes Transfer)
Operation and Maintenance, Defense Agencies, FY-86

DoD Serial Number: FY 86-9 PA

Component Serial Number: FY 86-6 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

in laws and regulations. In fiscal year 1985 the changes in the procurement area, directed at improving competition and reducing costs, added significantly to the workload in this area. Also, Contract Administration reviews of contractor overhead charges to ensure we obtain a reasonable price and a quality product have increased dramatically. As a result of the changes in workload and the procurement process, DLA added approximately 3,000 personnel during fiscal year 1985. Operation and Maintenance-funded employment during September 1985 was 50,000.

The funds requested in this action will allow DLA to maintain this level of employment during fiscal year 1986. Anticipated increases in workload of five percent will have to be offset by improvements in productivity and reductions in overhead.

Of particular concern is the degradation that the currently approved funding level is having on supply support of the Military Services. Although competitive awards by our hardware centers increased to 77.1 percent, as compared with 62.2 percent of the contractual actions in fiscal year 1984, there has been a significant increase in the number of procurement documents in the hands of the buyers. Awards are not taking place on time. In the last two years, there has been a drop of over four percent in the supply system availability, i.e., the percentage of the time material is available in the system to fill a requisition.

The degradation in supply support is affecting weapon systems, and thus readiness. As a result of the personnel added during the last part of fiscal year 1985, there are indications that the trend is being reversed. Back orders had decreased slightly by the end of December.

This reprograming action is essential to continuation of this improvement. Unless the current staffing levels can be maintained, there will be a significant degradation in readiness.

Total Reprograming Increase (O&M, Def Ags, FY-86) +68,000

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Page 3 of 3 Pages

REPROGRAMING ACTION

Appropriation Account Title: (Includes Transfer)
Operations and Maintenance, Defense Agencies, FY-86

DoD Serial Number: FY 86-9 PA

Component Serial Number: FY 86-6 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i
PRIOR APPROVAL ACTION								
REPROGRAMING DECREASES:								
Procurement, Defense Agencies, 86/88								
Defense Logistics Agency								
Automated Data Processing Equipment		51,931		51,931		-10,000		41,931
Explanation: Funds required for Automated Data Processing (ADP) purchases can be deferred until fiscal year 1987, based on current contractual efforts. While the equipment is needed, delays in the major automated imformation systems review process has caused slippage in DLA's logistics system modernization program. DLA, because of review delays, has deferred $10.0 million of ADP purchases until FY 1987.								
Total Reprograming Decrease (Proc, Def Ags, 86/88)						-10,000		
Defense Stock Fund								
Defense Logistics Agency								
Inventory Augmentation		142,365		142,365		-58,000		84,365
Explanation: Funds required for Inventory Augmentation can be reduced based on the latest review of requirements. Compliance with new legislation and initiatives to increase competititon, improve price reasonableness, and ensure quality products to our customers has extended somewhat the time necessary to effect procurements. Lower prices have also been experienced in some cases.								
Total Reprograming Decrease (Def Stock Fund)						-58,000		
Total Reprograming Decreases						-68,000		

Approved (Signature and Date)
William H. Taft
William H. Taft, IV
Deputy Secretary of Defense

DD FORM 1415-1
1 Mar 83

10 MAR 1986

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Replaces DD Form 1415-1, 1 Jul 79, which is obsolete.

Mr. CHAPPELL. Mr. Young.

Mr. YOUNG. No questions.

Mr. CHAPPELL. Mr. Dicks.

DLA RESPONSE TO PROCUREMENT PROBLEMS

Mr. DICKS. Are you the people that go out and buy the nuts and bolts and screws and everything else? We have read about all the horror stories in procurement. It has had a major effect on undercutting the support in the country for rebuilding our defense capability.

Is this going to affect your ability to make certain we don't have these bad stories in the future? That is what I am concerned about.

General LITKE. We added nearly 3,000 to our work force last year, a large number to provide the capabilities to offset what you described. A large number of those went to our acquisition activities and to our contract management activities.

We have done a substantial amount of training to try to avoid the sorts of things you are talking about.

Mr. DICKS. Are you prepared to testify that if you don't get this $68 million that that is going to affect that capability to make certain these things don't happen in the future?

General LITKE. It is certainly going to degrade our capability to continue with the level of support we are currently providing, degrade our ability for additional training, yes, sir.

Mr. DICKS. I would like you in the record to describe for the committee what DLA has done in response to this procurement crisis.

General LITKE. We certainly will, absolutely.

[The information follows:]

DLA has initiated a number of actions. The Agency has made efforts to ensure that buyers know what items they are purchasing. At several of our locations, photographs of materials that are in our warehouses are being taken. Descriptions of the items are being expanded. In those cases where a buy is made from a Service requisition that identifies only a part number, buyers have been instructed not to contract for the item unless they know what it is and have obtained a reasonable price.

The Agency has expanded its efforts to increase competition in contracting and to correct noncompetitive contracting situations. To aid contract negotiators, a "Price Busters" program has been established which identifies items having a history of sole source pocurement. The items are technically evaluated and the buyer is given a "price estimate" figure for his negotiations. Additionally, efforts to obtain technical data on items currently being purchased noncompetitively from the contractors are being made. Outreach programs to sponsor or participate in trade fairs and workshops to publicize and generate competition are being conducted. "Hit lists" of major items lacking competition have been purchased for broad dissemination including publication in Small Business periodicals and the "Commerce Business Daily."

DLA's Competition Advocate Program has been extremely successful. At midyear 1986 over 92 percent of the Agency's contract dollars were awarded competitively. This represents an increase of over 12 percent in the competitive dollar rate since 1983. At midyear 1986 over 85 percent of Agency's contract actions were awarded competitively. This represents an increase of over 20 percent since 1983. DLA reported to the Congress that it saved 290 million dollars as a result of competition improvement program efforts during fiscal years 1984 and 1985.

DLA has placed a significant management priority on training. Increases in training for contracting, contract administration and technical personnel have resulted.

The DLA goals are to obtain reasonable prices, ensure receipt of quality material and improve competition for items. Emphasis to industry has been placed on contracts meeting terms and conditions of their contracts.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. CHAPPELL. Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

We have heard of the problems of overpayment and even if there is only one that hits the newspapers, as we spoke of a moment ago, it is something that is big to the public. We have been told that in some cases these were isolated instances involving overpayments for items such as a ball peen hammer and this type of thing.

We have even been told that there were none purchased at the price reported, but it brings up a point, because in procurement we find that some of the buyers never see the items.

General LITKE. Yes, sir; that is right.

Mr. MILLER. The person processing the order uses the computer with a number for a particular item, but they are not absolutely sure what that item is. It has been discussed outside of the Committee and in the Committee about some type of a catalogue, with pictures. I know it would have to be big. There would probably have to be many of them, but at least the buyer would know what that item looks like. And as I understand it, the buyer is responsible for the procurement, and the item is delivered, and another whole different group of people do the paying for that order number, and they are not necessarilly sure what the item is.

Is something being done to clarify this so everyone is working together and knows what item they are purchasing and what item they are paying for?

General LITKE. Yes, sir, we are doing precisely as you suggest. At several of our locations, we are taking actual photographs of materials that are in our warehouses that we are asking our buyers to buy. They are available to the individual buyer at the time of procurement.

We also have major upgrades to our Contractor Technical Data File, which will provide a great deal more information in terms of specifications, procurement history, and technical information to the buyers at the time of each procurement.

Mr. MILLER. So it is being done?

General LITKE. Absolutely.

Mr. MILLER. Thank you.

Thank you, Mr. Chairman.

Mr. CHAPPELL. Mr. Livingston.

NEW ORLEANS SUBSISTENCE OFFICE

Mr. LIVINGSTON. General, a couple days ago I had a pleasant conversation with a General Alkire in San Antonio about a proposed move in the Southeast with respect to fresh produce. Without going into significant detail now, I would simply like to introduce some questions for the record and ask you to check it out and give me some analysis of this move, if you would, please.

General LITKE. I certainly will. I am aware of the situation. We have people on their way there now to attempt to understand the size of the problem and get the resolution.

[CLERK'S NOTE.—Questions submitted by Mr. Livingston and the answers thereto follow:]

Introduction.—You are asking us to approve $68 million in reprogrammings to restore Gramm-Rudman-Hollings reductions allocated to DLA—to help maintain 3,000 new personnel you added in FY 1985—to help maintain the resource requirements of the military services.

Yet in the name of cost cutting there are plans by DLA, through the commissary systems command in Brooks Air Force Base in San Antonio and the Defense Personnel Support Center in Philadelphia, to reduce by 50% the amount of perishable subsistence cargo now moving through the Defense Subsistence Office in New Orleans.

Half of the military installations now being served by this subsistence office in New Orleans will be taken over by the Birmingham Defense Subsistence Office and result in millions of dollars in lost revenue and business to produce suppliers, truckers, and warehouse storage operators in southeast Louisiana.

Louisiana already ranks as No. 1 in unemployment among all the States, yet the direct impact in jobs could reach the hundreds, and many small businesses will have to shut down.

I have talked to Major General Alkire in San Antonio who has been cooperative—however, isn't there a notification process that must be followed before such a major shift in defense work is done?

Answer. Notification would have been made in accordance with contractual requirements. However, no shift was actually made.

Question. I have been told that the reasons for the possible move of this work to Birmingham is economic. Has a comprehensive economic analysis been done?

Answer. The prime reason for considering a possible move of this work back to Birmingham and to Ft. Worth was customer complaints about poor quality and higher prices of the Fresh Fruits and Vegetables provided from New Orleans. Although preliminary analysis showed a cost savings could also be achieved by such a move, a comprehensive economic analysis has not yet been done.

Question. One of the factors for higher prices in the New Orleans region is the citrus canker problem—Louisiana will not allow the import of Florida citrus until the citrus canker disease problem is resolved. Alabama allows Florida citrus to be imported because they don't grow any citrus products. This has been going on for two years now—is this being taken into consideration?

Answer. The citrus canker problem has not been taken into consideration.

Question. Please include for the record a complete analysis of impact and savings which are expected to flow from such a move.

Answer. Since such a move is not being made, a complete analysis of impact and savings is not available.

Question. State for the record all steps previously taken to provide notification to current contractors that such a move was under consideration.

Answer. Notification of a move was provided to the carriers in accordance with their current Perishable Subsistence Carrier Rate Tender and Service requirements for the purpose of obtaining their quoted rates for such service.

Question. Please detail the results of all inspection reports made at the New Orleans area subsistence office in the last three years.

Answer. The DoD IG inspected the DSO New Orleans in July 1985. A summary of findings follows:

The customer credit register for price adjustments on Fresh Fruits and Vegetables (FF&V) indicates some customers may be abusing the credit system.

Adequate action has not been taken by DPSC to resolve vendor claims of nonpayment of accounts.

Market prices paid for fresh fruit and vegetables significantly exceed monthly prices billed to the DSO's customers.

The Computer Room is being used as storage area for backup magnetic tapes.

The Defense Subsistence Office (DSO) New Orleans has no exterior sign to identify its location.

The Defense Subsistence Office (DSO) does not have all or current publications necessary for ready reference in everyday operation.

Credits for losses claimed by customers of the DSO are not always properly supported by official documentation.

The Inspection Room provided by the Contractor does not satisfy Contract Requirements.

In April 1985, a DLA Acquisition Assistance Program Review was conducted at the DSO New Orleans. The overall analysis and some of the findings of that review follow.

The review team's opinion was that DSO New Orleans is accomplishing general office operations and its terminal market buying mission in an efficient and effective manner. DSO personnel impressed reviewers with their knowledge, experience, and dedication. Customers are satisfied with overall quality and DSO responsiveness.

Visual best value selection procedures were followed and a good selection of quality produce is available from New Orleans suppliers.

The competitive rate of 67.6% is above the average of 65% among all DSOs.

Nine commissaries that receive produce support from DSO New Orleans were visited. Commissary representatives were unanimous in the opinion that quality is improving and good services are provided by the DSO Staff.

Question. New Orleans Subsistence Office will lose its business with: England AFB LA; Veterans Hospital, Alexandria; Keesler AFB, Mississippi; Hulbert Field, Florida; Eglin AFB, Florida; Tyndall AFB, Florida and Naval Coastal Systems Lab, Panama City, Florida. Does DLA have the jurisdiction over facilities listed above other than Air Force facilities? Please discuss the inter-relationship?

Answer. DLA does not have jurisdiction over other than DLA field activities. DLA is responsible for providing a variety of services to its customers based on logistics considerations including efficiency, economy, availability, quality, etc.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston.]

Mr. CHAPPELL. General, thank you very much. Please answer the rest of the questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

DLA FUNDING

Question. The total Gramm-Rudman-Hollings reduction for the operation and maintenance accounts of the Department of Defense in 1986 is nearly $4 billion. There is no question that this has had an effect on readiness. Flying hours and steaming hours have been reduced, contracts have been delayed or reduced in scope, new hiring has been delayed and in some instances furloughs may be necessary. But virtually every other entity within the Department has tightened its belt and is living within its resources after the application of the Gramm-Rudman-Hollings cuts. Why shouldn't the DLA be expected to do the same?

Answer. We do not believe we should be singled out for any special treatment and we have tightened our belt. However, unlike the Military Services, our functions are fairly narrow. We do not have the diverse array of programs to adjust. And we understand that there will probably be some impact on readiness because of the adjustments made by the Services.

It seems to us that we have a responsibility to use the resources made available by the Congress in the most efficient and responsible manner. This includes funding these programs that have the highest priority, particularly those related to readiness. When we looked over all of the funds available to DLA, it became readily apparent that because of changing requirements in the Stock Fund and Procurement Accounts we would not obligate the amount appropriated in FY 1986. At the same time, our O&M funds would not allow us to perform our primary mission of support to the Military Services. Our mission is performed by people—and over 70% of our funding in O&M is for pay of people. The current O&M funding is not sufficient to pay the wages and salaries of the people necessary to administer the Services contracts or issue them supplies.

It would be irresponsible for us not to propose a realignment of funding to meet our priority requirements. The fact that the action cuts across appropriation lines should not, in our opinion, preclude reprioritization. We believe the Congress recognized that by providing transfer authority to the Secretary of Defense.

EMPLOYMENT STATISTICS

Question. The reprogramming document states that the September 1985 employment level must be sustained during 1986 to preclude reductions in readiness, and that the operation and maintenance funded employment during September 1985 was 50,000. Do you agree with those statements?

What is the current number of personnel on board and what workyears have been funded through March 31, half way through the year?

Answer. Yes, I do agree with the statement. Based on our workload statistics through March, indications are the overall increase in 1986 will exceed 5%. The number of personnel on board as of the end of March is 49,849. The workyears for FY 1986 through March are 50,719.

DEFENSE STOCK FUND IMPACT

Question. According to the reprogramming document, because "funds required for inventory augmentation can be reduced based on the latest review of requirements" and other factors, $58,000,000 can be taken from the $149,700,000 appropriated in fiscal year 1986 for the Defense Stock Fund.

How much of the $58,000,000 can be attributed to revised inventory augmentation requirements, how much to lower prices, and how much to compliance with new legislation and other initiatives?

Has anything really changed in the requirements for inventory augmentation, or is it merely viewed as a lower priority than personnel compensation and benefits?

Has any detailed economic analysis been performed which compares the effect on readiness of the loss of monies to the stock fund for inventory augmentation with full 1986 funding for the stock fund and a potential fewer number of workyears at the DLA?

Answer. No, we did not do an economic analysis on the effect on readiness because the reduction is based on a revised requirement; it was not based on priorization.

Our initial inventory augmentation request was based on information from the Military Services as to what their provisioning requirements would be.

However, based on actual experience available to us at the time of the FY 1987 Budget Request it was apparent to us that the number was overstated. Our revised amount for provisioning of $65.7 million (including inflation) is based on this experience. It is unlikely that the magnitude of the reduction would be solely the result of lower prices. It is likely a result of improved screening of supply support requests and the impact of increased standardization. It is also likely that the initial estimate was overstated.

[Clerk's note.—End of questions submitted for the record.]

ADP Equipment Procurement

Reprogramming No. 86–12PA

INTRODUCTION

Mr. Chappell. We will take up fiscal year 1986–12PA, which proposes to transfer $5 million to Defense Logistics Agency's RDT&E account. The source of funds is stated as ADP equipment procurement, based on a slip in schedule.

The witness appearing in support of this proposal is Major General Donald P. Litke, Deputy Director, Defense Logistics Agency. Your statement and the reprogramming document will be placed in the record.

[The statement of General Litke and the reprogramming document follow:]

Secondly, we have the RDT&E reprogramming action.

RDT&E funds within DLA primarily support two types of data repositories—the Defense Technical Information Center [DTIC] which is operated by Government personnel and the information analysis centers [IACS] which are contractor operated. DTIC is the central facility within the Department of Defense that collects, stores, and disseminates management and technical information on planned, ongoing, and completed DOD-sponsored RDT&E efforts. This service permits the users, primarily the military services, to reduce costs to the Department by avoiding duplication of effort. The service is accomplished by establishing and maintaining various DOD computer-based data banks. The computer based data bank maintained by DTIC provides for on-line inquiry, hardcopy text, or microfilm, as requested by the users.

The information analysis centers [IAC's] maintain a national data base of technical information on specific subject matter areas. The need for the centers is determined by the military services. The centers are contractor-operated and provide the military services with responses to technical inquiries, technical handbooks and data books, state-of-the-art reports, critical reviews, and technology assessment. DTIC and the IAC's are currently operating more than $1 million each below their FY 1985 levels.

Our reprogramming to RDT&E is $3 million for DTIC and $2 million for the IAC's. This reprogramming is necessary to meet the increased workload placed on us by the military services and to expand the data bases available to them. DTIC's workload has increased 8% over the last two years. In addition, DTIC's on-line inquiry capabilities were expanded 25% during FY 1985. Also, in FY 1985 private industry RDT&E efforts were added to the DTIC data base with additional efforts planned in FY 1986.

While we are only .06 percent of the DOD's research and development budget, we do have a significant impact on the monies they are spending. There are many examples of the benefits and savings from DTIC's services. The Grace Commission estimated savings of $227 million over a three-year period for one of our military services by increasing controls over procurement of consulting and related services and by enforcing the additional use of DTIC services to avoid duplication. In another case, a DOD inspector general survey of last year identified a $33 million duplication of effort which might have been prevented by proper use of DTIC services.

The request for $2 million for the IAC's is necessary to cover the full costs of two new IAC's, implemented in FY85 and to provide for the increasing requests for technical data.

This programming is essential to support the vital missions of DTIC and the IAC's and foster efficiency in the DOD research and development community.

Thank you for the opportunity to speak about the agency's requirements and its role in readiness. I would be happy to answer your questions.

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REPROGRAMING ACTION

Appropriation Account Title: (Includes Transfer) Research, Development, Test and Evaluation, Defense Agencies, 86/87	DoD Serial Number: *FY 86-12 PA*
Component Serial Number: FY 86-1 PA	*(Amounts in Thousands of Dollars)*

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*

PRIOR APPROVAL ACTION

This reprograming action is submitted for prior approval because it proposes the use of general transfer authority pursuant to Section 8020, P.L. 99-190, DoD Appropriation Act, 1986, and Section 1401, P.L. 99-145, DoD Authorization Act, 1986. Research, Development, Test and Evaluation (RDT&E) funds within the Defense Logistics Agency are expended in providing a central facility within the Department of Defense to collect, store, and disseminate management and technical information on planned, ongoing, and completed DoD-sponsored RDT&E efforts. This service permits the users, primarily the military services, to reduce costs to the Department by avoiding duplication of effort. The service is accomplished by establishing and maintaining various DoD computer-based data banks. This reprograming is necessary to meet the increased workload placed by the military services on the Defense Logistics Agency, and to expand the data bases available to the military services. The increases are for higher priority items, based on unforeseen military requirements, than the item for which funds were originally appropriated, and the items for which reprograming is requested have not been denied by Congress. This action meets all administrative and legal requirements of Congress, and is included in the FY 1986 column of the FY 1987 President's budget.

REPROGRAMING INCREASES:

Research, Development, Test and Evaluation, Defense Agencies, 86/87

Defense Logistics Agency

65801S Defense Technical Information Center		15,690		15,690		+3,000		18,690

Explanation: The computer-based data bank maintained by the Defense Technical Information Center provides for on-line inquiry, hard-copy text, or microfilm, as requested by the users. The primary user is the Defense community, although all agencies of the Federal government, their contractors, subcontractors, and grantees are eligible to register to become users. DTIC's workload has increased approximately eight percent over the past two years, and on-line inquiry capabilities were expanded 25 percent during FY 1985. At the same time, involvement within the Defense community in further evolving/expanding existing communications networks is increasing. During FY 1985, private industry RDT&E efforts were added to the DTIC data base, with additional efforts

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Page 2 of 2 Pages

REPROGRAMING ACTION

Appropriation Account Title: (Includes Transfer)
Research, Development, Test and Evaluation, Defense Agencies, 86/87

DoD Serial Number: FY 86-12 PA

Component Serial Number: FY 86-1 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action: Quantity	Program Base Reflecting Congressional Action: Amount	Program Previously Approved by Sec Def: Quantity	Program Previously Approved by Sec Def: Amount	Reprograming Action: Quantity	Reprograming Action: Amount	Revised Program: Quantity	Revised Program: Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

planned in FY 1986. This reprograming is essential to meet the increased workload and, therefore, reduce unnecessary duplication.

LINE ITEM	b	c	d	e	f	g	h	i
65802S Information Analysis Centers		4,075		4,075		+2,000		6,075

Explanation: The Information Analysis Centers maintain a national data base of technical information in specific subject matter areas. The need for the Centers is determined by the military services. The Centers are contractor-operated and provide the military services with responses to technical inquiries, technical handbooks and data books, state-of-the-art reports, critical reviews, and technology assessment. During FY 1985, two new Centers were implemented, bringing the total number of Centers to 11. The full cost of these two Centers is not reflected in the FY 1985 base. An additional $2.0 million is required to cover the full costs of the two additional Centers and the increasing requests for technical data.

LINE ITEM	b	c	d	e	f	g	h	i
Total Reprograming Increases (RDT&E, Def Ags, 86/87)						+5,000		

REPROGRAMING DECREASE:

Procurement, Defense Agencies, 86/88

Defense Logistics Agency

LINE ITEM	b	c	d	e	f	g	h	i
Automatic Data Processing Equipment		51,931		41,931		-5,000		36,931

Explanation: Based on a slip in schedule, funds budgeted for automated data processing purchases are no longer required in FY 1986. Funds for this equipment are included in the FY 1987 column of the FY 1987 President's budget.

LINE ITEM	b	c	d	e	f	g	h	i
Total Reprograming Decrease (Proc, Def Ags, 86/88)						-5,000		

Approved (Signature and Date)

William H. Taft

William H. Taft, IV
Deputy Secretary of Defense

DD FORM 1415-1
1 Mar 83

12 MAR 1986

UNCLASSIFIED
CLASSIFICATION

Replaces DD Form 1415-1, 1 Jul 79, which is obsolete.

DTIC FUNDING

Mr. CHAPPELL. You propose to provide additional funding for DTIC and the information analysis centers. In 1986, this committee denied funding for DTIC operations above the 1985 level of $15.7 million believing annual growth of 11 percent to be excessive.

DoD now requests additional funding which would provide growth of 19 percent.

How does DoD justify the claim that "the items for which reprogramming is requested have not been denied by Congress"?

General LITKE. The growth of activity within the Defense Technical Information Center has been above those projections. This year, for example, we have had an 8.1 percent increase in activity in terms off hard-copy reports that we provided and nearly a 14 percent increase in electronic inquiries that we have had from the Federal Government and from industry.

Mr. CHAPPELL. What is DTIC?

General LITKE. Defense Technical Information Center is a repository of several hundred thousand technical and scientific reports maintained by ourselves, by organic personnel, and made available either through hard copy or through electronic transmission to a host of activities both within the Government and industry.

The objective is to eliminate the requirement for reinventing the wheel. We often find that this sort of work has been done and has applicability to other research and development programs, and we make the data available to those people who need the information.

Mr. CHAPPELL. You state you have an increase in workload. Aren't you in the process of re-evaluating that workload now?

General LITKE. I'm sorry, I guess I don't——

Mr. CHAPPELL. I understand that now you are re-evaluating the 1986 workload estimates. Is that not true?

General LITKE. It is not to my knowledge.

Mr. CHAPPELL. So you are saying that the workload has definitely increased?

General LITKE. Yes, sir.

Mr. CHAPPELL. By the 19 percent?

General LITKE. This year by the 8 and 13 that I described. We were denied the funding for the increase of last year.

SOURCE—ADP PROGRAMS

Mr. CHAPPELL. What does this do to the program that you are taking it from, the ADP?

General LITKE. We have a major modernization program for ADP across the agency. We are going through the MAISARC now, similar to a DSARC, and that process has been more protracted than we expected, and we are not going to be able to obligate those funds.

Mr. CHAPPELL. What would be the result if we didn't permit this reprogramming?

General LITKE. A degradation of our capability to support the users of the reports. There are several independent agencies that have said that DTIC more than pays for itself. Both the GAO and the Grace Commission have shown that and indicate that there are substantial savings to be made far in excess of what DTIC costs.

The Grace Commission came up with a number of $225 million of cost avoidance.

Mr. Chappell. What portion would be used for continuing operations and what final level would result?

General Litke. We will supply that for the record, sir.

[The information follows:]

The $3 million reprogramming would result in an '86 level of $18.7 million compared to the current level of $15.7 million. Since DTIC is below their '85 level, $1 million is needed for continuing operations to cover ongoing items such as personnel compensation, equipment maintenance, rents, utilities, supplies, etc. The continuing operations figure for FY 1986 is $15.5 million based on our current funding from OSD. If the reprogramming is approved, $1 million of the requested $3 million would be used for continuing operations. This would result in $16.5 million (which is equal to our FY 1985 level) for continuing operations in FY 1986. The remaining $2 million would cover the Improvements/Developments area in which prior year funds have already been expended; therefore, while these items are in the improvements category, they are not considered new starts. For example, DTIC has planned, for the past two years, to develop and purchase a two-sided microfiche printer to replace their current obsolete equipment. FY 1985 funds of $200K have already been used towards its development. An additional $1 million is needed to continue this procurement/development effort.

This printer will reproduce at a higher speed, have up-to-date enhancements, and print on both sides of the page resulting in improved productivity and anticipated annual savings of $370K.

Another example is the continuing effort in the development of Gateway an intergovernment single access computer system for researchers and managers. DTIC was designated by OUSDR&E as the DoD focal point for this development. This effort was begun in FY 1984 and $600K is needed to continue the project in FY 1986. Finally, the remaining funds would be used for continuing efforts in DTIC's program normalization and Defense Research On-Line System (DROLS) software replacement. Program normalization (begun in FY 1984) involves converting existing outmoded ADP programs to higher-order computer languages to facilitate Congressionally-mandated competitive replacement of outdated ADP equipment. The DROLS software replacement effort (also begun in FY 1984) will implement a higher level of technology in retrieval methodology demanded by increased use of DTIC's online system. DTIC's present DROLS software, which was developed in the early 1970's requires upgrading and redesign to overcome constraints unacceptable to the user community.

DTIC REPORTS

Mr. Chappell. All right.

Mr. Young.

OTIC REPORTS

Mr. Young. Mr. Chairman, I wanted to ask, how many of those reports did you say DTIC was keeping, saving or preserving?

General Litke. About a million and a half now.

Mr. Young. Over what period of time were those developed?

General Litke. Since about 1945. In fact, there are some wartime documents there, primarily on microfiche.

Mr. Chappell. Will you yield?

How much are really analyzed so you know what you have there, and what the prospect of use is? How do you handle that?

General Litke. As individual demand for a particular type of technical information is received, the computerized catalogue is scanned to see what reports are available to satisfy the requirement and then a selection is made by analysts from that standpoint.

Mr. **Chappell**. So you did it on request, not on a policy of sending it out to agencies that might have a need to know?

General **Litke**. That is correct.

Mr. **Young**. One further question: To what extent are they used? Are they used regularly or not very often?

General **Litke**. Half a million inquiries annually is what we are running now. I was trying to relate that to our increase. We have had an eight and a 13 percent increase this year.

Mr. **Young**. Thank you, Mr. Chairman.

Mr. **Chappell**. Mr. Hefner.

Mr. **Hefner**. No questions.

Mr. **Chappell**. Mr. Miller, any questions?

Mr. **Miller**. No questions.

Mr. **Chappell**. Mr. Livingston.

Mr. **Livingston**. No questions.

Mr. **Chappell**. Please answer the rest of the questions for the record.

[Cerk's note.—Questions submitted for the record and the answers thereto follow:]

DTIC FUNDING

Question. In FY 1986, this Committee denied funding for DTIC operations above the FY 1985 level of $15.7 million, believing annual growth of 11 percent to be excessive. DoD now requests additional funding which would provide growth of 19 percent.

How does DoD justify the claim that "the items for which reprogramming is requested have not been denied by Congress?"

If Congress believes an 11 percent increase to be excessive, wouldn't this also imply that a 19 percent increase is excessive?

Answer. We justify our claim that "the items for which reprogrammng is requested have not been denied by Congress" because the Committee report stated these reductions were made without prejudice in order to get to the DoD total. Therefore, we consider our reprogramming request a realignment of DLA funds and it is not inconsistent with Congressional direction.

DTIC WORKLOAD

Question. The reprogramming document states that the additional funding for DTIC is required to meet increases in workload. However, the Committee understands that the FY 1986 workload estimates are being re-evaluated by DLA.

Is this accurate?

When will the analysis be finalized?

Answer. This statement is not accurate. FY 1986 workload estimates are not being re-evaluated by DLA. Our FY 1986 program estimates, when compared to year-to-date actuals, are on-target and in line with what we expect in FY 1986 workloads. However, DTIC recently undertook a quick re-evaluation of its workload projections for FY 87–88. Minor programmatic changes were made in 1987 and 1988 but no changes were projected for FY 1986.

DTIC SUBSCRIPTION PROGRAM

Question. One of DTIC's fastest growing requirements is for a subscription program where users check off areas of interest on a profile card, and relevant reports are mailed automatically. This type of system can lead to specific reports being mailed which the user may not have a strong need for.

How does DLA evaluate the cost-effectiveness of this program?

What administrative controls are in place to ensure that reports automatically distributed are in fact used?

Answer. DTIC has several subscription type programs. These programs fall into three categories. One category provides a Current Awareness Bibliography (CAB) of the most recently acquired reports (i.e., past two weeks) to users. These users may be either end users or an intermediary such as a technical library, that have requested the service and have had a profile developed which covers their specific area of interest (e.g., Database Management Systems, laser technology, etc.). A second category, Automatic Distribution of Documents (ADD) provides a microfiche copy of the most recently acquired reports within the user developed profile. In most cases the user here is an intermediary such as a technical library. The purpose is to preposition information close to its potential end user. The concept is similar to a branch library being supported by a larger regional library. The regional library has a larger collection but is less conveniently located for the majority of the community. The third category of subscription reports is receiving recurring management information reports from DTIC's management information data bases. The second category of subscription reports (the ADD) was instituted largely on the basis of economics. Since DTIC can make multiple copies of newly acquired documents before the master microfiche copy is stored, it is very cost effective for DTIC to disseminate the documents with potential demand on a "push type system" rather than having to respond to individual demands which require file retrieval, reproduction and refiling for each request.

"Automatic" or subscription services are cost effective to both the users and DTIC because they eliminate the time and effort otherwise needed by the user to scan DTIC's announcement media every two weeks for accessions pertinent to their field-of-interest; eliminates the need for the user to order individual accessions every two weeks; and frees DTIC personnel from having to do hundreds of individual bibliography and document searches every two weeks. Subscription profiles are not generated by "checking off areas of interest on a profile card", but are the result of interactive dialogue between the requester and subject analysts at DTIC to arrive at a specific and satisfying profile.

The ADD program documents are purchased by the user, thus creating an incentive for him to closely monitor his profiles and their effectiveness in generating documents pertinent to his interest. However, this becomes an extremely cost effective way for a library to accumulate a collection of highly relevant reports at minimal cost and, because they are on microfiche, at minimal storage and cost. It also permits pertinent data to be immediately available to engineers/scientists when they need it.

CAB users/profiles are recertified once a year. Those users not responding are automatically dropped from the program. This, in effect, maintains a group of active CAB users who want this service.

All CAB/ADD users are encouraged to call or write DTIC anytime with additions, deletions, or changes to their profiles as well as establishing new profiles as needed. The fact that users are continually doing this indicates they are using our products. A recent consultant study indicated that even if we consider a 10% savings on the part of our users, there would be a savings of $36.7M per annum.

INFORMATION ANALYSIS CENTERS (IAC)

Question. DoD states that $2 million in additional FY 1986 funding is needed because the cost of two new Information Analysis Centers (IACs) "were not reflected in the FY 1985 base." What does this mean?

Answer. The statement that the cost of the two new Information Analysis Centers (IACs) "were not reflected in the FY 1985 base" refers to the two new IACs scheduled and implemented in FY 1985. Implementation occurred late in that year; therefore, the entire cost of those IACs for continuing operation in FY 1986 was not reflected in the FY 1985 base. DLA only starts new IACs, which are sponsored by the Military Services, when directed to do so by OSDR&E. For the last six years the IAC program has been level funded. The only increases in direct funds allowed have been those required to fund authorized new centers.

Question. Would these funds be used to establish new IACs?

Answer. Of the requested $2 million in additional FY 1986 funds, approximately $1.6 million will be used to fund the existing 11 contractor operated IACs for the balance of FY 1986 in accordance with DoD contractual agreements.

The $.4 million balance of the $2.0 million will be used for the initial establishment of the Chemical Warfare/Chemical Biological Defense IAC and the Corrosion IAC.

Question. The number of IACs has risen from 9 in FY 1984 to a proposed 15 in FY 1987. In a no-growth budget environment, how is such rapid expansion justified?

Answer. The rise in the number of IACs from 9 in FY 1984 through 11 in FY 1985 to a proposed 15 in FY 1987 reflects the success of the IAC concept of providing to all the various contributing parts of the Defense RDT&E community a collection of centralized and specific subject focused centers capable of providing expert technical information and subject analysis services.

DoD technology thrust areas are currently experiencing many problems coping with a flood of data and a lack of analysis. Primarily it is a wide range and dispersion of data users/information generators that define the problem and make it clear an urgent need exists for an Information Analysis Center. IACs are service-oriented centers for gathering, organizing, screening, analyzing and disseminating timely and accurate data to Government and non-Government users. The DoD endorses the IAC concept because it can only capitalize on its investment if there is a mechanism to facilitate ready access to all critical information. An Information Analysis Center enables Government and qualified industry to obtain, from a single source, responsive, up-to-date and quantified information.

IAC's consolidate access to the multitude of existing references and qualify the record of past efforts in their applicability to current work. Information analysis and evaluation activities are critical to maintaining the forward progress of Defense research and development programs. Without the IACs, the Services, DoD laboratories and DoD contractors working on these Defense subjects would still need these information services and they would then be duplicated and multiplied at greater cost throughout the hundreds of IAC user establishments. An expansion in the number and kind of subjects covered by DoD IACs is justified from a cost savings basis alone. In a time of great public concern over the effective use of appropriations and the avoidance of waste by duplication, the DoD can point with pride to the accomplishment of the IACs and can fully justify their endorsement of an expansion of this program.

Question. Last year, Congress reduced the budget for IACs by $2 million, on the basis of excess growth. Now, DoD requests a reprogramming of $2 million for items which have not been denied by Congress. As in the DTIC case, how does DoD justify this claim?

Answer. As previously stated, the majority of the $2 million reprogramming funds requested for the DoD IACs are required to pay cost due in FY 1986 for expert technical information gathering and analysis services approved and acquired under multi-year contracts in prior years. The smaller portion of the reprogramming intended to fund initial establishment of two new IACs is being done in direct response to tasking direction by the Under Secretary of Defense for Research and Engineering. The continuation of existing DoD information contract services and the establishment of additional Information Analysis Centers authorized by the OUSDR&E are items which have not been denied by Congress.

[Clerk's note.—End of questions submitted for the record.]

Mr. Chappell. Thank you, General.

WEDNESDAY, APRIL 30, 1986.

FISCAL YEAR 1986 DEFENSE AGENCIES REPROGRAMMING

DOD DEPENDENTS SCHOOLS

WITNESSES

HECTOR NEVAREZ, ACTING DIRECTOR OF THE DEPENDENTS SCHOOLS POLICY DIRECTORATE, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT AND PERSONNEL)

RICHARD SZOT, CHIEF, DEPARTMENT OF DEFENSE DEPENDENTS SHCOOLS FISCAL DIVISION

SECTION 6 SCHOOLS

REPROGRAMMING No. 86-14 PA

INTRODUCTION

Mr. **CHAPPELL**. The Committee will now consider reprogramming fiscal year 1986-14 PA, which proposes to transfer $26,300,000 to Operation and Maintenance, Defense Agencies from the following accounts: Operation and Maintenance, Army ($8,800,000); O&M, Navy ($8,700,000); and O&M, Air Force ($8,800,000).

The stated purpose of this reprogramming is to fund the Section 6 Schools at a level comparable in staff salaries and general support to schools in the states in which they are located ($20,300,000), and to provide for increased enrollment and program improvements for overseas dependent's schools ($6,000,000).

The principal witness appearing in support of this request is Mr. Hector O. Nevarez, Acting Director of the Dependents Schools Policy Directorate for the Office of the Assistant Secretary of Defense for Force Management and Personnel. Mr. Nevarez, your prepared statement and the reprogramming document will be placed in the record. Please summarize your statement and we will proceed with the questions.

Mr. **NEVAREZ**. Mr. Chairman and members of the Committee, I am Hector Nevarez, Acting Director of the Dependents Schools Policy Directorate for the Office of the Assistant Secretary of Defense for Force Mangement and Personnel. I am pleased to have the opportunity to appear before you today to explain the justification for our reprogramming request in support of schools operated by the Department of Defense.

The Department of Defense Dependents Schools, DODDS, has responsibility for 270 schools located in 20 countries to serve the 152,000 DoD students overseas. The Dependents Schools Policy Directorate has management responsibility for the Section 6 schools located in seven states and Puerto Rico, which serve approximately 36,000 minor dependent children of military sponsors.

[The statement of Mr. Nevarez and the reprogramming document follow:]

STATEMENT OF HECTOR O. NEVAREZ, DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS POLICY

Mr. Chairman and Members of the Committee:

I am Hector Nevarez, Acting Director of the Dependents Schools Policy Directorate for the Office of the Assistant Secretary of Defense for Force Management and Personnel.

I am pleased to have the opportunity to appear before you today to explain the justifications for our reprogramming request in support of schools operated by the Department of Defense.

The Department of Defense Dependents Schools (DoDDS) has responsibility for 270 schools located in 20 countries, to serve the 152,000 DoD students overseas.

The Dependents Schools Policy Directorate has management responsibility for the Section 6 Schools located in 7 states and Puerto Rico, which serve approximately 36,000 minor dependent children of military sponsors.

Of the $26.3 million requested for DoD dependents education, $20.3 million is to support the Section 6 Schools. Included in the request for Section 6 Schools are funds necessary for staff salaries, repair and maintenance, and supplies and equipment. Of these three categories, supplies and equipment was the most pressing at the beginning of School Year 1985–86. Pending Congressional approval of the reprogramming funds request, the Section 6 Schools shifted $8.1 million from other accounts within the Section 6 Schools budget into the supplies and equipment category. This action was taken in order to procure those items needed to begin the operation of the schools in SY 1985–1986. An additional sum of $2.1 million is still required for supplies and equipment for the remainder of the current school year, bringing the total for supplies and equipment to $10.2 million as identified in the reprogramming action before you.

Thus, breakdown by school system and category of the $26.3 million requested is as follows:

TO SUPPORT THE SECTION 6 SCHOOLS

$6.6 million—Staff salaries due to pay increases based on comparability;

$3.5 million—Repair and maintenance;

$8.1 million—Necessary to restore other accounts from which we diverted funds to purchase supplies and equipment; and

$2.1 million—Supplies and equipment needed for the remainder of the current school year.

TO SUPPORT THE DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

$2.6 million—Due to increased student enrollments;

$1.7 million—To initiate educational program improvements; and

$1.7 million—For improvements in school business administration.

If the funds requested are not approved, the alternatives are to limit the purchase of textbooks and equipment, to omit repairs of school facilities, to restrict hiring of teaching personnel, and to increase pupil-teacher ratios in classrooms. In addition, some schools will definitely have to cancel summer school and delay school opening from two to three weeks next school year. These alternatives would severely hamper the educational programs of these schools for the remainder of the current school year and for SY 1986–87.

Your support of the reprogramming action will allow the DoDDS and Section 6 schools to maintain a level of education comparable to that of U.S. public schools.

Thank you, Mr. Chairman, for giving me the opportunity to appear before this Committee. I will be pleased to answer any questions the Committee may have.

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REPROGRAMING ACTION

Appropriation Account Title: Operation & Maintenance, Defense Agencies, FY 1986 (Includes Transfers)	DoD Serial Number: FY 86-14 PA
Component Serial Number: FY 86-5 PA	(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

This reprograming action is submitted for prior approval because it proposes the use of general transfer authority pursuant to Section 8020, P.L. 99-190, DoD Appropriation Act, 1986, and Section 1401, P.L. 99-145, DoD Authorization Act, 1986. Operation and Maintenance, Defense Agencies provides the funds to operate the Dependents Education Program for the education of military dependents stationed overseas and in various locations in the United States. These funds provide for all the normal costs of school operations, including staff salaries, building maintenance, supplies, equipment, transportation and travel. Funding requirements have increased in FY 1986 due to increases in enrollment and support levels provided by the states for their schools which requires additional funding by the Department of Defense for its schools in order to maintain legally required comparability. Portions of the increased requirements are also associated with programs being undertaken to enhance the education program in line with national policies to improve public education. The programs for which funds are being requested have not been denied by the Congress and meet all administrative and legal requirements of the Congress. Fund redistributions are for items of higher priority than those for which the funds were originally appropriated. This reprograming is reflected in the FY 1986 column of the FY 1987 President's budget.

REPROGRAMING INCREASE:

Operation and Maintenance, Defense Agencies, FY 1986

Budget Activity 8: Training, Medical and Other General Personnel Activities

a	b	c	d	e	f	g	h	i
		614,276		614,276		+26,300		640,576
DoD Dependents Education						(+26,300)		

Explanation: The requested increase for Department of Defense Dependents Schools (DoDDS) is required principally for the Section 6 Schools which are operated in the continental United States and which are required to be comparable in staff salaries and general support to the states in which they are located. Of the $26.3 million requested for transfer, $20.3 million will be provided to Section 6 Schools for the following: $6.6 million for staff salaries, $3.5 million for real property maintenance and $10.2

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REPROGRAMING ACTION

Appropriation Account Title: Operation & Maintenance, Defense Agencies, FY 1986 (Includes Transfers)

DoD Serial Number: FY 86-14 PA

Component Serial Number: FY 86-5 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

million for other educational program support such as equipment and supplies. The balance of the increase, $6.0 million, is for the Overseas Schools for the following: $2.6 million due to increased enrollment, $1.7 million to initiate educational program improvements and $1.7 million for improvements in school business administration. Approval of the reprograming request will stabilize Section 6 Schools and provide minimum funding for approved overseas schools programs and avoid the need to eliminate needed maintenance and repair projects, increase class sizes, and other measures which will jeopardize overall education standards.

Total Reprograming Increase (O&M, Defense Agencies, FY 86)						+26,300		

REPROGRAMING DECREASES:

Operation and Maintenance, Army, FY 86

Budget Activity 2: General Purpose Forces		6,367,250		6,787,500		-8,800		6,778,700
Flying Hours						(-8,800)		

Explanation: The fuel and repair parts consumption factors used to estimate Army flying hour funding requirements for FY 1986 were overstated. Use of correct consumption rates allows FY 1986 funding for Army flying hours to be reduced without requiring a reduction in flying hours. The corrected flying hour factors have been used in the preparation of the FY 1987 budget request.

Total Reprograming Decrease (O&M, Army, FY 86)						-8,800		

Operation and Maintenance, Navy, FY 86

Budget Activity 8: Training, Medical and General Personnel Activities		2,371,164		2,371,164		-8,700		2,362,464
VEAP						(-5,400)		

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REPROGRAMING ACTION

Appropriation Account Title: Operation & Maintenance, Defense Agencies, FY 1986 (Includes Transfers)

DoD Serial Number: FY 86-14 PA

Component Serial Number: FY 86-5 PA

(Amounts in Thousands of Dollars)

	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

Explanation: The Veterans Education Assistance Program (VEAP) was reduced $5.4 million from the FY 1986 President's budget level to bring the program in line with the current Veterans Administration (VA) estimate of requirements. VEAP is an contributory educational assistance program provided for by Public Law 94-502 where the Service contributes $2 for each $1 contributed by military members.

LINE ITEM	b	c	d	e	f	g	h	i
Simulator Contractor Support						(-3,300)		

Explanation: Savings were realized from the original estimate as a result of strong competition in contractor operation and maintenance of simulators. Actual contractor cost perworkyear in FY 1986 are less than budgeted.

LINE ITEM	b	c	d	e	f	g	h	i
Total Reprograming Decrease (O&M, Navy, FY 86)						-8,700		
Operation and Maintenance, Air Force, FY 86								
Budget Activity 2: General Purpose Forces		3,872,963		4,111,363		-2,100		4,109,263
FMS Training Costs						(-2,100)		
Budget Activity 7: Central Supply and Maintenance		5,633,093		5,714,293		-1,300		5,712,993
FMS Training Costs						(-1,300)		
Budget Activity 8: Training, Medical and other General Personnel Activities		2,068,843		2,079,943		-5,400		2,074,543
FMS Training Costs						(-5,400)		

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CLASSIFICATION

Page 4 of 4 Pages

REPROGRAMING ACTION

Appropriation Account Title: Operation & Maintenance, Defense Agencies, FY 1986 (Includes Transfers)

DoD Serial Number: *FY 86-14 PA*

Component Serial Number: FY 86-5 PA

(Amounts in Thousands of Dollars)

LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprograming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

PRIOR APPROVAL ACTION

Explanation: Section 108 of the International Security and Development Cooperation Act of 1985 requires the recovery of costs for furnishing services associated with FMS sales. Section 108 requires foreign countries to pay the full costs of FMS training previously provided at a reduced rate which decrease the amounts required for training operations from direct Air Force appropriations.

a	b	c	d	e	f	g	h	i
Total Reprograming Decrease (O&M, Air Force, FY 86)						-8,800		
Total Reprograming Decreases						-26,300		

Approved (Signature and Date)
William H. Taft

William H. Taft, IV
Deputy Secretary of Defense

DD FORM 1415-3
1 Mar 83

17 MAR 1986

Unclassified
CLASSIFICATION

Replaces DD Form 1415-3, 1 Jul 79, which is obsolete

OVERSEAS DEPENDENT SCHOOLS PROGRAM IMPROVEMENTS

Mr. CHAPPELL. Mr. Nevarez, let's get to the specifics.

You have included in the $6,000,000 total, $1,700,000 to initiate educational programming improvements. Specifically, what are you talking about?

Mr. NEVAREZ. If I may ask Mr. Richard Szot from DODDS to assist me with that question.

Mr. SZOT. Mr. Chairman, I am Richard Szot, Chief of the Fiscal Division of DODDS.

The $1,700,000 that we have requested for educational initiatives is for the expansion of six educational programs which were approved for fiscal year 1987 by the Defense Resources Board. They are start-up funds so that we can start the program at the beginning of the school year rather than 1 October 1986.

Mr. CHAPPELL. What specifically are those programs?

Mr. SZOT. Compensatory education, driver education, elementary language Intercultural, English as a second language, junior ROTC, and pre-kindergarten. They are an expansion of the existing programs.

Mr. CHAPPELL. Detail the other components of the $6,000,000.

Mr. SZOT. For educational program improvement we have $1.7 million; we have $2.6 million for increased enrollment. We have an enrollment increase of 1,094 students over last year, and the $2.6 million will pay salaries for the 43 teachers required.

Mr. CHAPPELL. This is for 1986–87 school year?

Mr. SZOT. No, sir, it is for 1985–86 school year.

Mr. CHAPPELL. What about 1986–87?

Mr. SZOT. The 1986–87 would be the start-up funds, the $1.7 million. The $2.6 is a repayment.

We also have $1.7 million for management initiatives which were instituted in fiscal year 1985 at the recommendation of the DoD Inspector General and GAO, and these costs have been absorbed by DODDS.

EFFECT OF GRAMM-RUDMAN-HOLLINGS

Mr. CHAPPELL. After the application of the Gramm-Rudman-Hollings reduction, will you have to delay the opening of the 1986–87 school year?

Mr. SZOT. Yes, sir. We are going to delay the opening of schools by eight school days to September 5th.

Mr. CHAPPELL. Would that mean that there will be a reduction of the amounts needed to initiate education program improvements in 1986?

Mr. SZOT. No, sir. In those costs we have PCS costs, which are very high. We will still need the same number of teachers to cover these expansion programs. As for the management initiatives, we are establishing our own internal accounting system at the suggestion of the GAO. We have established an internal audit capability, management information system, property management system and a centralization of some personnel functions.

SECTION 6 SCHOOLS

Mr. **Chappell**. Let's turn to the Section 6 schools. Most of this money is for Section 6.

Mr. **Nevarez**. Yes, sir. That is correct.

Mr. **Chappell**. Tell us how you intend to use that.

Mr. **Nevarez**. Of the $26.3 million requested, $20.3 million is to support the Section 6 schools; $6.6 million of that is for staff salaries due to pay increases based on comparability; $3.5 million is for repair and maintenance; $8.1 million is necessary to restore other accounts from which we diverted funds to purchase supplies and equipment for the beginning of school year 1985–86, and $2.1 million is for supplies and equipment needed for the remainder of the current school year.

TRANSFER OF SECTION 6 SCHOOLS TO LOCAL AUTHORITIES

Mr. **Chappell**. Now, aren't you contemplating a plan for transferring responsibility for educating these youngsters to the local schools?

Mr. **Nevarez**. We submitted a plan to the Senate and House Armed Services Committees for the orderly transfer of the Section 6 Schools to the local school districts by 1990, as required by Section 824 of the 1986 Department of Defense Military Construction Appropriations Act.

Mr. **Chappell**. If it is accomplished, would you still use and need all the money that you are asking for Section 6 schools?

Mr. **Nevarez**. Yes, sir. The transfer would not take place immediately. There are a number of issues that have to be addressed by the Congress, and they have to be reviewed——

Mr. **Chappell**. Like what?

Mr. **Nevarez**. One of the options would be to make the Section 6 schools "arragement" whereby the state governments would be responsible for the educational program and the federal government would be responsible for some portion of the costs.

Mr. **Chappell**. You don't think we would save any money that way, do you?

Mr. **Nevarez**. No, sir, I don't.

Mr. **Chappell**. So you certainly don't want that.

What is the next option?

Mr. **Nevarez**. The next option is to transfer them outright to the local school system.

Mr. **Chappell**. That would save money, wouldn't it?

Mr. **Nevarez**. All the issues addressed in the plan would have to be studied. For example, utmost in our development of this plan was the education of the dependents children.

Mr. **Chappell**. Tell the Committee exactly which students are educated in Section 6 schools?

Mr. **Nevarez**. Those are minor dependents of military personnel that live on the military installation and only those students can attend the Section 6 schools.

They are funded by the Department of Defense, and they are operated by the military services.

Mr. **Chappell**. How long has the Department of Defense been responsible for the Section 6 schools?

Mr. Nevarez. The transfer—they used to be under the Department of Education. They were transferred to the Department of Defense in the Omnibus Budget Reconciliation Act of 1981 Sec/Def.

Mr. Chappell. I think we know at least what you are trying to do.

Do you have any questions, Mr. Young.

Mr. Young. No questions.

Mr. Chappell. Mr. Miller?

Mr. Miller. No questions, Mr. Chairman.

Mr. Chappell. We will submit more questions to you for the record, and we will see what we can do about it.

[Clerk's note.—Questions submitted for the record and the answers thereto follow:]

DODDS—SCHOOL BUSINESS ADMINISTRATION

Question. How much of the $1,700,000 requested to be reprogrammed for school business administration is for the above school level?

Detail how the $1,700,000 would be used—how much for computer software, how much for internal control and audit and other items.

Answer. The $1.7 million for improvements in school business administration has been used for above-school-level management initiatives instituted at the recommendation of the DoD Inspector General and GAO. FY 86 funds have been obligated for the following programs:

Internal Control and Audit	$335,000
Management Information System	540,000
Personnel Centralization	520,000
Accounting System	250,000
Property Management	100,000

Less than $40,000 of FY 1986 operations and maintenance funds has been obligated for above-school-level software.

The $1.7 million will be used for school repair and maintenance projects which have been delayed due to the FY 86 Gramm-Rudman-Hollings reductions.

DODDS INCREASED ENROLLMENT

Question. Do you have actual data on the increased enrollment compared to the budget estimate to support the additional $2,600,000 requested to be reprogrammed for that purpose? Please provide detailed data for the record.

Answer. DoDDS budgeted for 146,841 students in FY 86, however, the actual number of students on September 27, 1985, was 151,947, an increase of 5,106 students. The following information is provided:

	Budget estimate	Actual	Net change
Students in DoDDS Schools	145,075	149,821	+4,746
DoD Students in non-DoD Schools	1,766	2,126	+360
Total	146,841	151,947	+5,106

SECTION 6 SCHOOLS MANAGEMENT

Question. With so much uncertainty in the Section 6 program and so many management changes, how can the Committee be sure that the requirements you have certified are valid and completely justifiable?

Answer. Two management changes of the Section 6 Schools have taken place since the schools were transferred to the Department of Defense from the Department of Education in 1981. Although these transfers may have given the appearance of uncertainty concerning the Section 6 program, this is not the case because: (1) DoD management of the schools has always remained under the same Assistant Secretary of Defense, although under two different directorates, and (2) the procedures initially established and used by the Department of Education to verify per pupil costs have always been used in the formulation of the Section 6 Schools budget. Two objectives were met in adopting these procedures; the fulfilling of DoD budget requirements and ensuring compliance with Public Law 81-874. In transferring management responsibility of these schools between DoD Directorates, continuity was assured by the transfer of personnel. The current Acting Director, Dependents Schools Policy Directorate (DSP), was the assistant director of Section 6 schools before they were tranferred to DoDDS. Two key personnel who were working with Section 6 schools at DoDDs, the budget analyst and assistant director, were tranferred to the DSP and are serving in the same positions.

Question. Why weren't these needs foreseen when the Section 6 budget request for 1986 was originally submitted? What was changed to make your original estimate understated—in your view—by nearly 20 percent?

Answer. Some of these needs were recognized and funds included in the budget request of $110.225 million for 1986. After this budget submission, however, the Southern states where most of the Section 6 schools are located, legislated funding for improvement of educational programs. A key area of quality improvement in these states was teacher salaries, which resulted in an increase of up to 15 percent. Another area of quality improvement was the reductions of the pupil-teacher ratio for various grade levels, resulting in the need for the hiring of additional teaching staff. Based on these initiatives, the reprogramming request of $20.3 million was submitted. The need for these funds, however, is even more urgent due to the Gramm-Rudman-Hollings reduction. The GRH and other reductions were executed against the FY 1986 budgeted amount of $110.2 million, leaving only $102.4 million available as the current funding level. This amount is below the FY 1984 funding level. Approval of the $20.3 million will result in only an 11 percent increase over FY 1985 funds.

APPLICATION OF GRAMM-RUDMAN-HOLLINGS REDUCTION

Question. How did the Section 6 Schools apply the Gramm-Rudman-Hollings reduction?

Answer. The Gramm-Rudman-Hollings reduction levied against the Section 6 program (as described above) was applied equitably to all Section 6 Schools, each absorbing a proportionate share.

COMPARABILITY WITH LOCAL SCHOOLS

Question. Section 6 schools are supposed to be comparable to the schools in the states where they are located. Isn't it possible, however, that by using schools in metropolitan areas as the partial basis for comparability, that comparability figures may be overstated for Section 6 schools which are usually located in more rural area?

Answer. No, this is not true because an attempt is made to balance this disparity by using the adjacent school district and two other comparable school districts with similar characteristics.

SUPPLIES AND EQUIPMENT AUGMENTATION

Question. Your statement indicates that $8,100,000 has already been shifted to supplies and equipment from other categories within the Section 6 budget. What other categories have been reduced and what has been the effect on the program?

Answer. Other categories reduced are transportation, utilities, in-service training, contracts, and routine maintenance. However, the majority of the funds were shifted from teacher salaries. The shifting of these funds has not effected the program at this point. However, if the reprogramming funds are not approved, funds will not be available to pay teachers and operate the schools beyond the end of June. This would result in having to shut down the Section 6 Schools during the summer and delaying the opening of school next year until October.

BACKLOG OF MAINTENANCE AND REPAIR PROJECTS

Question. What is the total backlog of repair and maintenance projects for Section 6 schools? What was the total backlog at the end of fiscal years 1983, 1984, and 1985?

Answer. The total backlog of repair and maintenance for FY 1986 is $3.5 million. The Section 6 Schools' superintendents schedule repair and maintenance projects based on available funds. Projects are scheduled for subsequent years when funds available are exhausted. The backlog at the end of fiscal years 1983, 1984 and 1985 is not available. The information was not previously provided by the superintendents; however, the budget guidance for FY 86–88 requests the dollar amount for the backlog of repair and maintenance projects for each school system.

[CLERK'S NOTE.—End of questions submitted for the record.]

Mr. **NEVAREZ**. Thank you for your attention.

Mr. **CHAPPELL**. Thank you very much.

The Committee will stand in recess until 10:00 tomorrow morning.

MONDAY, APRIL 21, 1986.

FISCAL YEAR 1987 DEFENSE POSTURE

WITNESSES

CASPAR W. WEINBERGER, SECRETARY OF DEFENSE

ADMIRAL WILLIAM J. CROWE, JR., UNITED STATES NAVY, CHAIRMAN OF THE JOINT CHIEFS OF STAFF

INTRODUCTION

Mr. **CHAPPELL**. The committee will please come to order.

Today, the Subcommittee on Defense Appropriations welcomes the Secretary of Defense, the Honorable Caspar W. Weinberger; and the Chairman of the Joint Chiefs of Staff, Admiral William J. Crowe, Jr.

Again, our subcommittee is faced with a large defense budget. The Administration budget proposal requests a 12 percent increase in the Department of Defense program for fiscal year 1987, when compared to the fiscal year 1986 base amount which includes the effects of Gramm-Rudman-Hollings legislative reduction. This would provide the Department with $311.6 billion for fiscal year 1987.

I can assure you that the Defense request will be closely examined and alternatives will be considered in arriving at a final appropriations level. Appropriation requests must be adequately justified throughout the budget examination process, and we have already completed many of our detailed hearings on the various defense programs.

Mr. Secretary, this hearing will be conducted in open session, and if it becomes necessary to discuss classified matters we will have a closed session later this afternoon in Room H-140 of the Capitol.

We will place both of your prepared statements in the record and ask you to present your summary statements at this time, to be followed by our questions.

During the initial round of questioning, I would propose to limit time so that all Members will have a chance to ask their questions.

Admiral Crowe, I believe this is your first appearance before us, and we want to tell you how happy we are to have you with us.

We will suggest, then, Mr. Secretary, that you proceed.

Admiral **CROWE**. Thank you, Mr. Chairman.

IN MEMORIAN TO CHAIRMAN JOSEPH P. ADDABBO

Secretary **WEINBERGER**. Mr. Chairman, if you will permit me, I would like to mention at the very beginning my deep regret, which I know we all share, at the death of Joe Addabbo. I always enjoyed thoroughly the meetings with him. We had all kinds of disagreements which were entirely normal. He was always extraordinarily pleasant and cheerful about that. He had great knowledge of defense matters, and he was always a great deal of fun to appear before and talk to privately. We will miss him very much.

I congratulate you on your succeeding him as Chairman. I know that you will carry on in the tradition of this committee. I just thought that since this is the first opportunity I have had to talk with you since his passing, that I would express for the record the great admiration we all had for him.

Mr. CHAPPELL. Thank you, Mr. Secretary. We appreciate that very much.

We miss him very much on this committee and in the Congress. He was indeed a great American. His shoes are extremely hard to fill; I tell you that.

Secretary WEINBERGER. Thank you very much.

Mr. Chairman, this is the sixth time I have appeared before the Congress to give the Administration's request for resources; and we will be going through some charts here. I am going to cut my statement down as much as I can to allow the maximum time for questions, but I would ask that the entire statement be placed in the record, if I could, at this time. I want to paraphrase it, Mr. Chairman.

Mr. CHAPPELL. Yes, sir. It will be placed in the record at this point, Mr. Secretary.

[The statement of Sec[illegible]ry Weinberger follows:]

STATEMENT OF THE SECRETARY OF DEFENSE

Introduction

This is the sixth time I have appeared before the Congress to present the Administration's request for resources to ensure that the national security interests of the United States are protected. During the previous five years, the Congress and the Administration have shared the common goal of rebuilding our defenses to reestablish the balance of military power necessary for secure deterrence.

The product of that shared commitment has been impressive. Together, the Congress and the President have restored national pride, and international respect for the United States. The quality of the men and women in the military today has never been higher. American forces around the world are ready to respond to aggression. We are succeeding in getting large quantities of weapons deployed to our forces.

The political effects of this shared commitment are also evident. American resolve to resist aggression is evident; our alliance partnerships are stronger; and, an unwilling Soviet Union has been forced back to the arms negotiating table in the grudging realization that it will not be allowed to achieve military superiority over the United States and our allies. Further, the sequence of annual Soviet aggression against new targets that began in the mid-1970s with Angola, and culminated in the brazen invasion of Afghanistan, has ceased. Working together, the President and the Congress have come far in reversing a decade of neglect, restoring the deterrence balance, and updating our defense strategy and policy.

These are powerful and direct results of American resolve and commitment to bear the cost security requires. The responsibility to sustain these results lies before us as a continuing requirement. It is obvious that the FY 1987 defense budget represents a critical phase in the continuation of our shared goals and responsibilities. Shall we maintain our goal of rebuilding U.S. defenses or will we fall back and see this effort falter? The Administration remains committed to the sustained improvement of U.S. national security capabilities. But that goal is threatened as the Congress' commitment to the priority of national security wavers.

Few dispute the risks we face today. Soviet military capability grows unabated as it moves to confront the United States throughout the world. Risks to regional stability abound -- even here in our own hemisphere. While the strategic and conventional challenge to our security continues, terrorism and low intensity conflict have emerged as additional risks with which we must contend. Yet, in the face of this situation, some individuals maintain that our defense efforts must now be relaxed -- not because the risk is diminishing, not because a modern and responsive military capability is unnecessary, but because it is asserted that the United States cannot afford an adequate defense.

I have never accepted this assertion, nor the peculiar belief that American politics require that military preparedness must suffer in equal measure with dams and mass transportation projects in times of fiscal constraint. Those who argue that we should forego a significant increase in safety must explain why.

The central questions each of us must ask are:

1. Are we, for any reason, prepared to cut American strength in ways that increase the risks of war? Those who judge that, in order to reduce the Federal deficit, the United States should underfund the program previously agreed to by the

President and the Congress and run higher risks to our security should stand up and say so.

2. With arms reduction negotiations ongoing and the Second Summit near, is this the time to tie the President's arm behind his back, rather than strengthening his hand? Make no mistake, the critical variable in the Soviet Union's willingness to negotiate seriously, to accept reasonable agreements, and to comply with those agreements, is their judgment of what we will do, if they don't. Who is prepared to take responsibility for undermining the Soviet Union's incentive to accept an agreement for real reductions in strategic nuclear arms?

3. Is America not safer than we were five years ago? Does anyone want to go back to the U.S.-Soviet relationship of the late 1970s? Is American strength not the price for peace?

Budget Realities and Defense Spending:

I fully appreciate the fact that we are preoccupied with deficits. I understand the pressures confronting the Congress. Controlling deficits by reducing those areas of Federal spending which are improper or unnecessary is a goal I have always supported. Consequently, the Department of Defense has striven to take advantage of every opportunity to hold down defense costs through good management and contracting. In this regard I believe that defense has a good record if anyone will look at it.

Defense and Deficit Reduction:

Defense spending has been a continual contributor to deficit reduction exercises. Since transmittal of the President's FY 1985 budget in January 1984, defense budget authority and outlays have been reduced by $328.7 billion and $291.1 billion, respectively. Good management and the President's success in controlling inflation have enabled us to preserve force modernization despite these reductions -- which have often been the only real reductions in spending the whole budget process has sustained.

There are those who seem to insist that the only acceptable evidence of defense participation in deficit reduction efforts is the cancellation of a needed defense program. The Department of Defense has been a victim of its own success in keeping programs on track while making do with less. The results of better management have been labeled as proof of waste and overbudgeting by those who would rather see public support for the President's defense initiatives fail.

The defense budget has become the target of opportunistic demagoguery, and our security has suffered. Prior to the application of the Gramm-Rudman cuts, the FY 1986 enacted defense budget represented a $24 billion reduction from the President's request. After absorbing the additional Gramm-Rudman-Hollings-required reductions of $11 billion, the FY 1986 defense budget will represent a 6.2 percent real decline - the first time in 15 years that there has been an absolute decline to the defense budget below the previous year. One looks in vain to discover just what reduction in the risks we face occurred last year to justify this approach.

FY 1987 Department of Defense Budget:

Nonetheless, the Department of Defense (DoD) is keeping faith with the 0-3-3 percent real growth budget plan which the President and the Congress negotiated and which the FY 1986 Budget Resolution specified for national defense; just as in previous years we have conformed our requests to congressional agreements.

The President is requesting $311.6 in budget authority (BA) and $274.3 billion in outlays for the Department of Defense in FY 1987. The FY 1987 defense request is consistent with the goal of controlling federal spending as reflected in the agreement between the Congress and the President. In fact, the defense topline of $311.6 billion for FY 1987 is well below the $314.7 billion target specified in the budget resolution.

The size of the defense topline must be considered, of course, in the context of the total fiscal picture. However, we simply cannot use topline real growth rates as a yardstick for defense budgeting. In the final analysis, the Department of Defense does not have to spend a particular amount of real growth, but it does have to fund real programs to meet real risks.

The proper level of defense resources cannot hinge on snapshot calculations of real growth based on rapidly changing and arbitrary economic assumptions. The Congress must also look carefully at the programs being purchased. It must assess the priority of the defense program as an element of federal spending and the priorities of the programs within the defense budget. That is the way the Administration has developed the defense request and how the Department is ready to defend it. Unfortunately, there has been an increasing tendency by some in the Congress to refuse to address defense priorities and only want to deal with the defense topline.

Congressional Action on the FY 1986 DoD Budget:

Frankly, this approach makes a travesty of both the Administration's efforts to develop a budget that conforms to the latest available congressional direction, and the congressional efforts to review and adjust it to reflect its own priorities. Last year, for example, the Armed Services Committees spent many months enacting a bill that reduced the President's FY 1986 defense request by $19.2 billion. This was difficult work, but it did produce a defense program reflecting congressional priorities for a budget that size.

The problem is that the Congress subsequently decided that it didn't want a budget that size, but one $5 billion lower. That budget was enacted in the Continuing Resolution. Then came the Gramm-Rudman-Hollings legislation and another $11 billion reduction, for a total reduction of $35 billion from the President's request. So, in the end, the Congress did not provide even the zero real growth in defense spending which it had endorsed only three months earlier, but instead a 6.2 percent decline.

America's defense posture requires a stronger commitment from the Congress than this; a commitment to return to a solid and consistent budget plan for national security resources. The Congress must decide whether we are going to budget for what we need in defense, as measured by the increasing risk we face, or whether we are going to squander past gains and return to the practice of regarding defense spending as the balance wheel of fiscal policy -- a practice which gave us the hollow forces of the 1970s.

New investment programs represent only a little more than one-tenth of total defense spending planned for FY 1987. Therefore, imposed reductions will threaten readiness efforts, pay and end strengths, and existing prior year contracts.

Neither the Department of Defense nor anyone else can manage a rational or efficient modernization program when budget resources change unpredictably from year to year, much less so when they do so from month to month, long after the fiscal year they affect has commenced. Program managers and military leaders have nothing on which to plan when budget levels constantly shift under their feet.

The Administration is presenting a sound defense budget for FY 1987. It is consistent with the Congress' own budget plan of a few short months ago. It builds upon the results of the resources the Congress has previously provided for defense. It continues the initiatives of the past four years. Its objective is to complete and sustain the efforts and improvements already realized. I urge the Congress to get the defense debate back on track by considering the FY 1987 defense budget request in terms of the priorities upon which it was built, and the risks we face from ever growing Soviet military strength.

Confronting Soviet Capabilities:

Development of our defense program and budget begins with an assessment of the current and projected risks to U.S. national security. In this respect Soviet military capability remains the dominant consideration.

The Soviet modernization program, which started several years sooner than ours and at a faster pace, continues unabated. The Soviet Union is aggressively acquiring a military force capable of accomplishing its stated goal of extending Soviet control and dominance throughout the world.

As a result, several military power balances long favorable to the United States have begun tilting in favor of the Soviet Union. Gorbachev's ascension to the post of General Secretary has brought about greater public posturing on issues vital to East-West relations in an effort to project a more positive image. And, while Soviet public relations may have undergone a cosmetic improvement, Soviet military growth continues with new strategic and conventional systems being fielded, and even more advanced systems under development or in various stages of research. The Soviet military, of course, will continue to receive strong support from the new leadership, and to enjoy its place of prominence in the allocation of resources.

Our security strategy is to build the strongest possible deterrence. We seek to protect our interests and those of our allies by preventing war. We seek to accomplish this by convincing potential adversaries that the costs of attacking us would far exceed any gain they could hope to achieve.

We do not, nor could we, seek to create a credible deterrence alone. In Europe, NATO continues to maintain a credible capability to deter a Warsaw Pact attack. In Asia, the military balance favors the Soviets, but with our current modernization programs the long-term trend favors us and our Asian allies and friends. The ability to project our power still favors us, but we must continue to monitor carefully Soviet programs enhancing their force projection capability.

NATO and Warsaw Pact Forces:

The Soviets have achieved an overall quantitative advantage in conventional weaponry. Further, the quality of their weaponry has improved significantly, often as the direct result of purchase or theft of western technology. Finally, the Warsaw Pact allies have created a military force that far exceeds one necessary to defend their territory.

Certainly there is not the slightest indication that a reduction in our commitment to invest in our military forces will result in a corresponding reduction by the Soviets and their allies or an abandonment of their strategic objectives. The evidence of the past is quite to the contrary. Indeed, if the United States were to devote the same percentage of its GNP to its military as the Soviets do, we would not be submitting an FY 1987 defense budget of $311.6 billion, but of some $700 billion.

FY 1987 Defense Program:

The United States must sustain the long-term program for rebuilding strength adequate for secure deterrence. If peace seems expensive, consider the alternative. By scrimping on strength, we can reduce our security and increase the risks of war. But if we fail to keep the peace, the cost to our standard of living, indeed to our lives and our country, would be incalculable.

The FY 1987 program is intended specifically to address the risks confronting the security of the United States within the fiscal constraints established by the Congress in the budget resolution last year.

The FY 1987 DoD budget reflects a reevaluation and revalidation of our basic force requirements. It is built upon the same force goals and continues the same modernization programs which the Congress has approved over the last four years. The only changes are further efforts to employ greater procurement economy and efficiency to achieve these goals in the most expeditious fashion.

Defense Manpower

Active Duty Personnel:

No turnaround these past five years has been more remarkable than the improvement in personnel quality and retention throughout all components of the military Services. The FY 1987 budget requests $76.8 billion for military personnel costs.

Of this amount, $67 billion supports the active duty personnel. Active force end strength is programmed to increase by an additional 14,000 in FY 1987. The majority of this increase, 11,400, supports the Navy's active fleet, which goes from 553 ships in FY 1986 to 566 in FY 1987. The growth in end strength will provide manning for new ships and squadrons and other direct fleet support requirements.

An additional 1,500 increase in end strength is requested for the Marine Corps to support continuing Fleet Marine Force improvements, highlighted by the addition of a Target Acquisition Battery, conversion of aircraft squadrons to AV-8B, F-4, and F/A-18 aircraft, and the activation of a ship's detachment for the USS Wisconsin.

Recruiting and Retention:

While we continue to maintain favorable recruiting and retention levels of high quality personnel, some figures this year in retention raise concerns about our future ability to compete successfully in an increasingly favorable economy.

To counter this reversal, the FY 1987 budget continues our support for adequate compensation and an adequate basic standard of living for all our servicemembers.

Although budget constraints have kept military pay raises at modest levels during the last few years, the Administration remains committed to the principle of pay comparability and strives to maintain an overall military compensation program that can compete with other employment alternatives. Therefore, the current budget request proposes a 4 percent military pay raise effective October 1, 1986, which is comparable to anticipated private sector wage increases and prevents further widening of the pay comparability gap, currently estimated to be 8.3 percent.

Retired Pay:

The FY 1986 Department of Defense Authorization Bill directed the Department to submit legislation to achieve a $2.9 billion savings by changing the military retirement system for new personnel entering the Services. The FY 1986 Appropriations Bill deleted the $2.9 billion from our budget but provided authority to transfer up to $2.9 billion of prior year balances back into these accounts to cover the higher costs we will incur until the Congress enacts the retirement changes. However, the Appropriations Act provides only temporary relief to the Department since it requires that, after May 1, 1986, we must revert to the obligation limits imposed by the Authorization Act. Legislation to change the retirement system and to lift the obligation caps was submitted to and is currently being considered by the Congress. If retirement reforms or relief from the obligation caps are not enacted, the Services would have to reduce military personnel by over 330,000 active and 176,000 reserve spaces.

Reserve Components:

The increasing role of the Reserves demonstrates the success of our Total Force Concept. As a percentage of total forces, the Reserves are making a significant contribution.

The budget includes $9.8 billion in support of the Reserve components and reflects an increase of 52,000 end strengths for the Reserve and National Guard components. This increase will allow the Army Reserve to reach the goal of 90 percent trained-in-unit strength in FY 1987 and support 105 unit activations and 70 deactivations.

The Reserves continue to receive our most modern equipment and weapon systems. These include M-1 tanks, Bradley Fighting Vehicles, AH-64 Apache and UH-60 Blackhawk helicopters, KC-130T tanker and C-130H cargo aircraft, as well as F-16 fighters.

The role of the Naval Reserve Force (NRF) continues to increase. In FY 1987, the first of two reserve squadrons of airborne mine countermeasures helicopters will be established. Eventually, all of our new MCM 1 mine countermeasures ships will be operated by the NRF, as well as an increasing number of amphibious assault and support ships.

Civilian Personnel:

The budget reflects an increase of 4,400 civilian end strengths to provide for a wide range of programs and activities. This increase reflects the emphasis being placed on our efforts to improve the acquisition of weapons through improved contract administration and audits. The FY 1987 budget requests a 3 percent pay raise for the civilian workforce, effective January 1, 1987.

Modernization

Strategic Forces:

The FY 1987 budget continues the President's commitment to modernize and improve all aspects of our strategic forces in order to ensure a stable deterrent and create a favorable atmosphere for arms reductions talks. Funds are requested to purchase 21 MX test missiles and for research on new basing modes. In keeping with recent congressional limitations, we plan to place only 50 MX missiles in existing Minuteman silos. We are also requesting funds to begin full-scale development of a new small ICBM.

An additional TRIDENT nuclear submarine is requested as well as the initial procurement of 21 TRIDENT II (D-5) missiles, the first U.S. sea launched ballistic missile capable of retaliating effectively against hardened Soviet targets.

Research and development funding is requested for the continued development of the Advanced Technology Bomber and two new bomber-delivered weapons, for the advanced cruise missile, and for the short-range attack missile. No funds are requested for further procurement of B-1B bombers. That program has been completed below budget and ahead of schedule. The B-1 program remains as a model of how efficient defense acquisition programs can be if they are executed as planned.

Conventional Forces:

In the area of conventional forces, we continue to place emphasis on maintaining modern forces that are properly equipped, adequately supported, and carefully balanced between active and reserve components and between the United States and allied capabilities.

Our inventories are making substantial gains as the Army maintains its force level of 18 active and 10 reserve divisions. The FY 1987 budget continues our investment in our land forces by requesting 840 M-1 tanks, 870 Bradley Fighting Vehicles, and 144 AH-64 Apache helicopters.

The FY 1987 budget supports the goal of a 600 ship navy by FY 1989, 15 carrier battlegroups and 4 battleship battlegroups. The budget reflects the procurement of 5 AEGIS ships; 2 CG-47 cruisers and 3 DDG-51 guided missile destroyers. Acceleration of the Navy's F/A-18 procurement, with procurement of 120 aircraft in FY 1987, demonstrates our commitment to achieve our inventory goals for this critical fighter/attacker.

The budget commits the necessary resources, beginning in FY 1987, to achieve the 40 tactical airwing goal, up from our current 37. This is reflected in the procurement of 48 F-15 and 216 F-16 fighter aircraft for the Air Force. FY 1987 marks the completion of procurement of 50 C-5B airlift aircraft.

Supporting the modern weapon systems being obtained by our forces are continuing procurements of strategic and tactical missiles. The Army is procuring 700 Patriot and 4,180 Stinger missiles in support of its ground forces. The Navy and the Air Force are procuring an additional 2,337 Sidewinder and 2,095 Sparrow missiles for their tactical forces. And, the Air Force continues procurement of Ground Launched Cruise Missiles (GLCM), with an additional 76 planned in FY 1987.

Emphasis continues to be placed on our Special Operations Forces (SOF). To ensure that we achieve the high state of readiness required for the Special Operations Forces to meet their key role of contingency response, the FY 1987 budget reflects a variety of modernization and expansion efforts.

Procurement of 5 modern transport and reconnaissance MC-130H airlift aircraft will provide modern avionics and electronic countermeasures capabilities, as well as an all-weather capability to transport troops in covert military operations. The budget also supports the development of materials for use by Army SOF aircraft in areas of Terrain Avoidance Radar, engine upgrades, and integrated cockpits.

Research, Development, Test & Evaluation:

Resources provided for research and development are of particular importance because they represent investment in future military capability.

As the President's highest priority effort, we are vigorously pursuing experiments and demonstrations to assess the feasibility of Strategic Defense Initiative technologies to support development decisions planned for the 1990s.

The LHX will replace the Army's aging inventory of lightweight combat, utility, and observation helicopters with a new technology, cost-effective rotorcraft. Further, we are actively exploring gun/missile combinations and new sensors to provide our forward area troops with an effective short range air defense capability now that we have cancelled the DIVAD program.

In an effort to assure that we can meet the air-to-air combat threat of the 1990s and beyond, we are investigating the latest technologies in fighter avionics and engines.

We are at the peak period in the development and testing of the JVX tilt-rotor aircraft which will drastically cut the exposure time for Marines as they perform their vertical assault mission.

And, development is well underway for a faster, quieter, attack submarine and its advanced combat system to maintain our relative capability against the latest Soviet submarine class.

Readiness and Sustainability:

In addition to manning and modernizing the force, we have placed a high priority on continuing the marked improvements made over the last four years in the sustainability of our forces. Special emphasis has been placed on the acquisition of sonobuoys, due to the important role they play in the early detection of enemy submarines, and continued procurement of shipboard missile systems to increase sustainability.

The progress achieved in the inventory levels of our munitions is truly a success story. But, these are the very types of successes that will be the first to turn into shortages under successive Gramm-Rudman-Hollings sequestrations, since there is no possibility, under the law, of choosing any priorities.

Training Improvements:

Given the quantitative advantage of the Warsaw Pact nations in munitions and weapon systems, the Navy and Air Force have emphasized increased training, through higher levels of flying hours and steaming days for our airmen and sailors, in order to use our munitions more effectively and efficiently. The Army has increased the rotation of battalions through the National Training Center. These efforts now, at last, compare favorably with the training provided our adversaries. And, in FY 1986, we will be conducting 86 exercises in cooperation with 45 countries.

As we have increased our training and operating tempos, we have increased the need for maintenance and logistic support. Increased unit, intermediate and depot-level maintenance requirements are provided for in the budget.

With this budget, we will be able to maintain the readiness and sustainability improvements made to date and make modest further improvements in the ability of our forces to accomplish mission objectives. But we will not be able to maintain these improvements in readiness and sustainability if this budget is cut by congressional action or Gramm-Rudman-Hollings sequestration, or both, as happened this year.

DoD Management:

Good management is the third major priority upon which this defense budget is based. There is more accountability within the Department than ever before. We are controlling cost growth. The cost growth for 84 major weapons systems was 1 percent or less for the two recent years. Compared with an annual cost growth over 14 percent in 1980 and many prior years, this is a major achievement.

What product is the American taxpayer buying today for less than we paid in FY 1982? The B-1B bomber, F/A-18 fighter, and AH-64 helicopter to name but three major weapon systems that are being bought for less today than we were paying when this Administration entered office. The secret of this success can be summarized in two words: competition and management. Since 1980, the number of competitive contract actions has increased by 37 percent, so that today more than two-thirds of all contract actions have been awarded on the basis of competitive bids. Management that demands performance has reduced cost growth, increased quality, and kept programs on schedule. Repeated incomplete and erroneous reference to a few widely published items should not always be allowed to obscure the facts, and the facts are that the Department's management, with measurable results, is vastly improved. Additional details on these improvements are set forth below.

Auditing capabilities have been significantly improved and this request takes that further.

I hope the various outside studies now underway will take due note of the Department's successes in procurement in recent years, for the successes truly point the way to even better management in the future.

Acquisition Improvements:

We have reduced the cost of our major weapons systems, delivered them on or ahead of schedule, improved the quality of those systems, and built up the industrial base to accelerate production should it be necessary in the future. These accomplishments were made, in large part, through wider use of competition, multiyear procurement, economic production rates and through stable procurement plans. The B-1B and M-1 programs are two notable successes in this regard; as well as our shipbuilding and aircraft programs and many others.

The total number of annual competitive contracts has increased by 37 percent to over 6 million contracts since FY 1980. In FY 1985 nearly 72 percent of all contract actions, amounting to $105 billion, were awarded under competitive contracting. Competition in shipbuilding has increased from 26 percent in FY 1981 to approximately 90 percent at the end of FY 1985. Currently, there are 44 major Department of Defense systems and subsystems that are dual sourced. Many of the remaining sole source programs are essentially follow-on contracts, awarded to the winning bidder after competition.

Savings from multiyear procurement and economic production rates are projected to be over $14.0 billion since 1982. While the dollar savings from these programs are substantial, an equally important benefit is the improvement in quality of weapons and the increase in the industrial base. These benefits flow from a stable work force, dual sourcing, and competition among subvendors associated with economic order quantity procurements and economic production rates.

Improving the Department's procurement and acquisition process has been a particular priority of mine. Additional people have been added to staff increased Department of Defense competitive procurement and to improve price surveillance. These efforts have reduced prices across the board. Under this program we have reviewed 250,000 items and designated 54,000 items for full and open competition. We identified another 51,000 items for purchase from the manufacturers, thereby eliminating "middle man" charges. We have documented spare parts savings in excess of $2.5 billion in FY 1984 and FY 1985. These initiatives have helped reduce the trend in spare parts spending by $11.1 billion from our projections in FY 1984.

We are pursuing management improvements whenever and wherever we can. And, while there is much that can be accomplished solely within the Department, we have made it clear to the defense industry that they, too, must be part of the solution.

The private sector has responded well. Some of our major suppliers have established their own spare parts awareness programs to get ideas from their employees on ways to keep costs down and improve quality. Contractors are voluntarily identifying items for competition or direct purchase from the actual manufacturers. And, many of our larger manufacturers are offering the best no-fault refund policy there is. It is simply this: if the Department thinks an item has been overpriced, the item can be returned for full refund.

Efforts to Stop Waste, Fraud, and Abuse:

Still, we do not and cannot rely entirely on the goodwill of industry to prevent abuses. We have suspended or debarred more than 1,400 defense contractors since 1981. Where there has been serious fraud or illegal activity, we have sought criminal indictments from the Department of Justice not only against the companies involved, but also against individual employees and officials who abused their trust.

Further, under this Administration, we have initiated the most comprehensive set of audits and investigations in the history of DoD. To monitor and control prices, we are continuing our aggressive audit efforts. During FY 1985, the Inspector General issued 125 audit reports that identified $1.1 billion in potential monetary benefits. Potential monetary benefits from all other DoD audits and reviews, including Service audit agencies and internal reviews, increased the total to $2.7 billion.

Department of Defense worldwide contract audit activities are conducted by the Defense Contract Audit Agency (DCAA).

DCAA audit services result in over 60,000 audit reports annually. These audits have produced an estimated savings of $8 billion in FY 1985. Recently acquired subpoena authority, combined with a variety of new audit products and increased resources, should strengthen this already valuable arm of the Defense Department.

Management Improvements:

The Department has also successfully implemented a broad range of initiatives in cash management, debt collection, administrative systems, and management reviews. Cash management initiatives have accounted for $225 million in savings through FY 1985, and an additional $160.5 million are projected for FY 1986. We have documented nearly an 80 percent improvement in Department of Defense management controls, as measured by the Federal Financial Management Integrity Act. In another area of congressional interest, we have reduced computer leasing costs by implementing more cost-efficient purchases of ADP equipment.

We have not limited our efforts for management improvement and associated savings solely to this Department and its contractors. Since we and our NATO allies field the same weapon systems in the European theater, it makes sense to cooperate on the logistics support programs for those systems. We have joined weapon system partnerships with NATO allies for the Patriot missile and the Multiple Launch Rocket System and are actively pursuing similar arrangements for TOW and Lance. We are also working toward consolidated procurement of common NATO munitions.

Many of our allies have indicated support for SDI research and, in some cases, interest in participating. The United States and the United Kingdom recently signed a memorandum establishing the framework for British participation in the SDI program. Discussions are also being conducted with other NATO nations.

We have pursued every avenue to realize savings and efficiencies within the Department. We will continue to scrutinize defense operations, not just to see where waste and fraud is occurring, but to identify where it might occur. Such intense review should continue to be productive.

At the same time, there is a very counterproductive aspect in the current trend in congressional scrutiny of Department of Defense management. It is alarming to see an issue as important as the proper level of American defense preparedness hanging on questions such as whether departmental practices have resulted in overpayment for a hammer or an airplane toilet system cover as if a system of zero errors were the goal -- and particularly when the facts on those and other individual purchases are so distorted. It is discouraging to see some members of the Congress scrambling to publicize such instances, which have frequently been identified and corrected by the Department's own audit systems, as if they were participating in a fraternity scavenger hunt.

Such activities add little to the efforts that both the Congress and the Department already have underway and frequently detract from the important issues confronting our defense planning. They are used most frequently to distort the true picture of the defense acquisition process. As is the case in all large operations our procurement system is subject to isolated abuses and mistakes. But the important fact is that these problems are being constantly ferreted-out and addressed while the larger process continues to perform well.

We sign 52,000 contracts every single day - of course there will be mistakes. The real question is, is anything being done to predict and correct mistakes, and any objective look would conclude we have made great improvements and are continuing to do so. Objective examinations are very useful but uninformed, distorted, and continual criticism, designed primarily to cover the level of severity, can have a detrimental effect on the morale of the very skilled and experienced people, civilian and military, who manage defense procurement. These dedicated people, upon whom we rely to produce our defense capabilities, should not be used as punching bags by those who profess themselves as being "strong on defense."

The fact is that, by and large, the defense acquisition system is working. Over the past five years our forces have acquired more and better weapon systems and equipment than most people, in 1981, believed was possible within the budgets we originally sought, which were larger than defense actually received; and we are doing it without the cost growth and overruns which formerly plagued the Department.

The 1987 budget proposes to buy more program for less money than most observers would have believed possible just last year. This is largely because of our focus on stable programs and because of the acquisition reforms we have made that are working. We are seeing now the results of greater efficiency. The introduction of additional reforms where they are needed has the highest priority within the Pentagon and is a topic of constant attention.

Gramm-Rudman-Hollings:

A few words are in order regarding the implications of the Gramm-Rudman-Hollings law for the defense program of the United States. In Gramm-Rudman-Hollings a unique step has been taken. The Congress has said that it wanted to create a club with which to beat down the deficit because the existing processes had not achieved the desired result. But a club is a very indiscriminate weapon and, unless the Congress is careful, the chief collateral effect of Gramm-Rudman-Hollings may be to undermine the U.S. defense infrastructure in ways that encourage Soviet risk taking, discourage their willingness to negotiate lower levels of arms, and thus increase the dangers of war.

The additional five percent defense reduction imposed by Gramm-Rudman-Hollings this year after congressional enactment of the FY 1986 budget, reduced funding for all appropriations, except Research, Development, Test and Evaluation, to levels below those in FY 1985. People who criticize reductions that affect readiness will be right, but they should know that the statute gives us no option. Readiness, of course, will be affected first as training, spare parts, ammunition, and other important support items absorb these required reductions.

Procurement efficiencies will also be impacted as a result of the Gramm-Rudman effect of underfunding the FY 1986 program by five percent.

Our allies and adversaries alike will recognize that domestic fiscal pressures, more than national security requirements, are determining our budgets for national defense.

But if the Congress simply enacts the President's budget or produces a budget consistent with the President's request, it can avoid triggering a sequestering process that could literally reverse the results of the past five years, and throw defense planning into chaos. I cannot exaggerate the impact if failure to enact the President's budget triggers Gramm-Rudman-Hollings.

Gramm-Rudman-Hollings need not be triggered. The President has submitted a budget plan consistent with the FY 1987 deficit target. If this budget plan is not followed, however, and Gramm-Rudman-Hollings is triggered in some of its more extreme scenarios, or if the Congress underfunds defense to avoid triggering, it could be the equivalent of unilateral disarmament. Moscow and our allies, who are regularly urged to spend more on defense, wait and watch with interest.

Conclusion:

I urge the Congress to get the defense debate back to the question of what this Nation's security requires. We have dwelt on terms like "real growth" and "toplines" too long and we risk losing sight of the reasons why we require a strong defense.

The Administration has made its priority choices regarding defense. The program before you is a good one. This defense budget is $3 billion below the budget specified by the Congress just a few months ago and agreed to by the President. I have yet to hear either a convincing explanation, or indeed any explanation, of why a funding level deemed necessary and affordable for national security a short time ago is now unacceptable. Surely no one contends the world has become more peaceful.

The Congress must make up its mind on this issue. No defense program, at any funding level, can function properly or efficiently, or deliver the safety required for the Nation, without consistency and sustainability and some concern for the realities of the world.

Military planners and program managers cannot be haunted annually by the spectre of a defense budget freeze or 6 percent reductions and remain effective. Neither the benefits of efficient contracting nor the required security of the Nation can be realized if we thus ignore our real needs.

The world is watching to see what the Congress determines this year. We should work together to inspire public confidence and respect for a defense program that ensures our national security. The effort to provide increased military readiness and force modernization which has yielded so much in the past five years should be sustained. The Congress as a whole should not be a party to the distortion and exaggeration about the defense program practiced by those who seemingly would prefer to see these results reversed.

In peacetime the defense budget is perhaps the single most significant statement of the United States' defense policy and objectives. We should send a strong message to friends and adversaries alike that the security of the United States is not a whim of economic statistics, but a bedrock requirement and commitment which this Nation can easily afford.

SUMMARY STATEMENT OF SCRETARY WEINBERGER

Secretary **WEINBERGER**. We have, during the past five years, Mr. Chairman, with the Congress and the Administration working together, shared the common goal of rebuilding our defenses. We have reestablished, I think, the balance of military power that is necessary to insure deterrance. We haven't completed that task, but we have made very great progress towards it.

The product of that shared commitment, I believe, has been very impressive, and the Congress and the President have restored national pride and international respect for the United States. The quality of the men and women in uniform has never been higher, and American forces around the world are ready to respond to aggression.

We are succeeding in getting very large quantities of weapons deployed to these forces, and their very high state of readiness was indicated last week when they were able to respond, very quickly and effectively, to the President's call; and that, after all, is our principal purpose in being—to support, uphold and help carry out the President's policy objectives.

I was very proud that the men and women in uniform, as well as the civilians who support our Department, have brought us to the state of readiness that we are in now.

SOVIET AGGRESSION

The consequence of annual Soviet aggressions against new targets that began——

Mr. **CHAPPELL**. Mr. Secretary, may we interrupt just a moment? We are having a bit of trouble hearing you. I wonder if you would pull the mike a little closer.

Secretary **WEINBERGER**. Usually that isn't the trouble. It is usually what you hear that you don't like, but it is important to hear, yes, sir.

The consequence of regular Soviet aggressions that began in the mid-Seventies with Angola and culminated with the very brazen and brutal invasion of Afghanistan in 1979 have ceased. Working together, the President and the Congress have come far in reversing that whole decade of neglect and restoring deterrent balance and upholding and updating our defense strategy and policy. These are the very positive and direct results of American resolve and commitment to bear the cost that security requires. Responsibility to sustain these results lies before us as continuing requirement.

The 1987 defense budget represents a critical phase in the continuation of our shared goals and responsibilities. The question really is, shall we maintain the goal of rebuilding America's defenses or will we fall back and see this effort falter after an excellent start over the last five years?

I think the goal is being threatened as Congressional commitment to the priority of national security wanes and as the budget deficit reduction priority seems to overshadow everything else.

MEDITERRANEAN OPERATIONS

Recent events in the Mediterranean, in response to continuing and increasing terrorist actions against our citizens throughout the world, demonstrate the need to be prepared to confront varying forms of conflict with appropriate levels of response. The actions that we took against Libya demonstrate that our people are ready to meet that challenge, and they have the means to perform their missions in an exceptional manner. Because of this military preparedness, we have been able to increase the tempo of operations in the Mediterranean.

Two aircraft carriers, the AMERICA and the CORAL SEA, are currently on station there, along with their associated battle groups. Normally, one carrier battle group is deployed in the Med at all times with a second one there intermittently; but we have increased the operational tempo and extended the second carrier in light of the current situation. Our deployed ships are now steaming an average of 66 days per quarter compared to 46 days that had been programmed for normal operations.

Our Navy pilots are flying about 15 percent more hours per month than they would under normal circumstances. This military readiness which was so clearly demonstrated last week is a perishable thing, and it requires a commitment to provide high caliber personnel supported with modern equipment, munitions and adequate supplies.

LEVEL OF DEFENSE BUDGET

There is a number of people who now feel that the defense effort must be relaxed either because they feel it has gone on too long or because the deficit is too high. Surprisingly, no one recommends that because the risk is diminishing; nor are they recommending it because our modern and responsive military capability is unnecessary.

What is really being asserted, Mr. Chairman, is that the United States cannot afford an adequate defense. That, I think, we cannot accept. I don't believe we can accept the premise that American politics requires that military preparedness must suffer an equal measure with dams or mass transportation or harbor dredging or anything else. People who argue that are really arguing that we must forego a significant increase in our safety, and I think the burden is on them to explain why.

Are we really prepared to cut American strength in ways that increase the risks of war? Those who judge that in order to reduce the deficit the United States must underfund programs previously agreed to by the President and the Congress, and thus run higher risks, should really stand up and say why this is so, particularly in view of the continuing Soviet expansion.

Arms reduction negotiations are going on. The second summit, we believe, will happen some time this year. We don't know exactly when, although the invitation has been in the Soviets' hands for many months.

The question arises should we at this time tie the President's arms behind his back rather than strengthening his hand, because the critical variable in the Soviet Union's willingness to accept any sort of reasonable agreement or to comply with these agreements, is their judgment of what we will do if they don't.

Who is prepared to take the responsibility for undermining their incentive to accept an agreement for real reductions in strategic nuclear arms?

I believe we have to ask if we are not far safer than we were five years ago, and I think we also have to ask if anyone wants to go back to the U.S.-Soviet relationship of the Seventies—and the principal cause of that was American weakness as opposed to the current American strength.

We are indeed preoccupied with deficits, and I understand all the pressures confronting the Congress, but I have to remind everyone that the risk does not go down as the deficit goes up. It is essential that we make sure that defense is not cut simply because it is easier politically to cut, or because it is available as opposed to some of the entitlement programs that require major changes in formulas.

There is a number of people who think that defense hasn't been cut. But we have, as you see here on this chart showing the reductions that have been made since the President's original proposal in March of 1981—the 1986 budget was lower than the 1985 budget, a real decline of some 6 percent, from $287 billion down to $278 billion.

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DOD TOPLINE REDUCTIONS

(BUDGET AUTHORITY in BILLIONS)

	1982	1983	1984	1985	1986	TOTAL 1982-1986
Amendment March, 1981	221.8	254.5	288.9	326.2	367.2	1,458.6
INCREMENTAL ADJUSTMENTS TO PLAN						
Sept 1981 through FY 1985 Enacted	-8.0	-15.0	-30.7	-39.4	-42.4	-135.5
FY 1986 Budget - Jan 1985	-	-	-	-	-11.1	-11.1
FY 1987 Budget - Jan 1986	-	-	-	-	-24.2	-24.2
PL 99-177	-	-	-	-	-11.0	-11.0
TOTAL ADJUSTMENTS since MARCH, 1981	**-8.0**	**-15.0**	**-30.7**	**-39.4**	**-88.8**	**-181.9**
Current TOPLINE	213.8	239.5	258.2	286.8	278.4	1,276.7
OUTLAY ADJUSTMENTS since MARCH, 1981	**-1.9**	**-16.1**	**-29.0**	**-51.9**	**-77.6**	**-176.5**

Secretary **Weinberger**. It is essential, we think, for 1987, that we carry out the commitment that the Congress made to the President, and the President made to the Congress, that if those cuts were down to zero in 1986, we would then recover with a 3 percent increase over that zero number in 1987 and 1988. That essentially is what the 1987 budget before you does.

It is true that the cut was far deeper than zero in 1986. It was minus 6 percent. That, in order to keep the President's commitment and the Congress' commitment to the President, requires we go up to the $311 billion that we have in the current 1987 request before you.

A lot of people say it is politically impossible. I was told two or three times that we should measure the President's budget by what is politically acceptable to the Congress. This is not only a difficult mathematical formula to work out, but it isn't necessarily what is required to strengthen the United States after a decade in the Seventies when we went down about 20 percent. We very much hope that we will not have a continuation of what happened in 1986 when we had severe reductions and then went down even further under Gramm-Rudman to pull us down to a figure 6.2 percent below the 1985 figure.

That was the story of the Seventies, and the result of that I think is very well-known. It takes a long time to recover, and we don't know how much time we will have. When you have a budget such as the President has submitted that will enable us to meet the Gramm-Rudman deficit reduction targets, will not require the imposition of additional taxes, and will provide an amount for the Defense Department that was part of the agreement that the Congress had with the President last year, then there would seem to be very little reason for not adopting it.

Yet, we have a situation in which almost everyone simply says that that budget isn't realistic. Nobody has bothered to examine the details of it or say why it isn't realistic. It is just that politically everybody thinks that whatever budget is submitted has to be lower than the previous one. That is, again, not a very good way to deal with the world as we see it.

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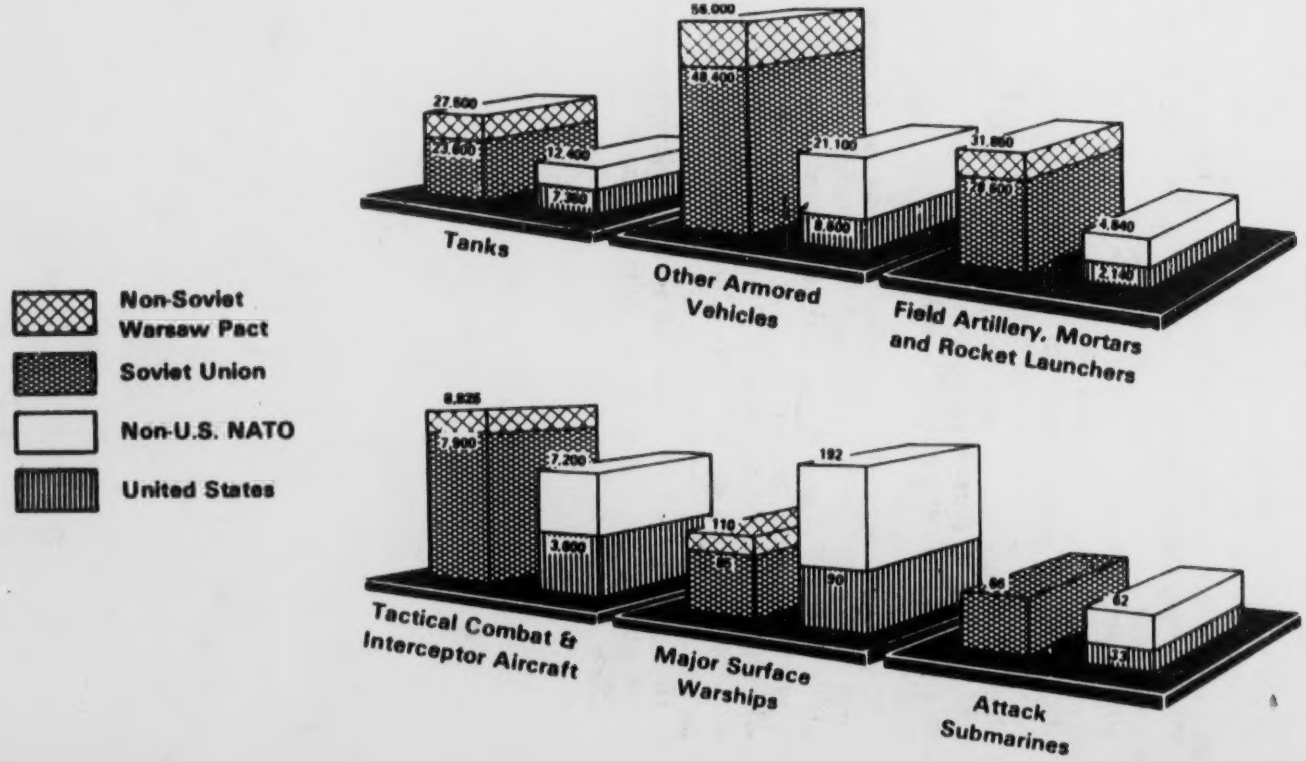
PRODUCTION OF SELECTED WEAPONS for NATO and WARSAW PACT FORCES

(1975 - 1987)



NATO/WARSAW PACT PRODUCTION

Secretary **Weinberger**. This chart shows one of the reasons we believe that so strongly. This is the difference in production of selected weapons by the NATO forces and the Warsaw Pact forces. As you see, they not only outspend us, but they outproduce us. It is not the amount they put into it that counts; it is what they get out that is important.

One of the reasons they are able to do this, of course, is because they have so little regard for the people serving in their military service. We, quite properly, spend close to 50 percent—a little less than that this year, but generally around 50 percent of our total budget goes to personnel. A comparable figure in the Soviet Union is 9 percent. That enables them, of course, to produce a great deal more.

The other thing that enables them to get a great deal more is that they hide various pieces of their budget in different fiscal pots all over the Soviet Union, and it is hard to get an exact total of what they spend. So, we don't worry so much about that as we do what they get for it. This is what they get for it. Only in major surface warships do we outproduce the Soviet Union, and that is not, I think, likely to continue very long.

However, in all of these other weapons systems, and in many more not on that chart, the story is the same.

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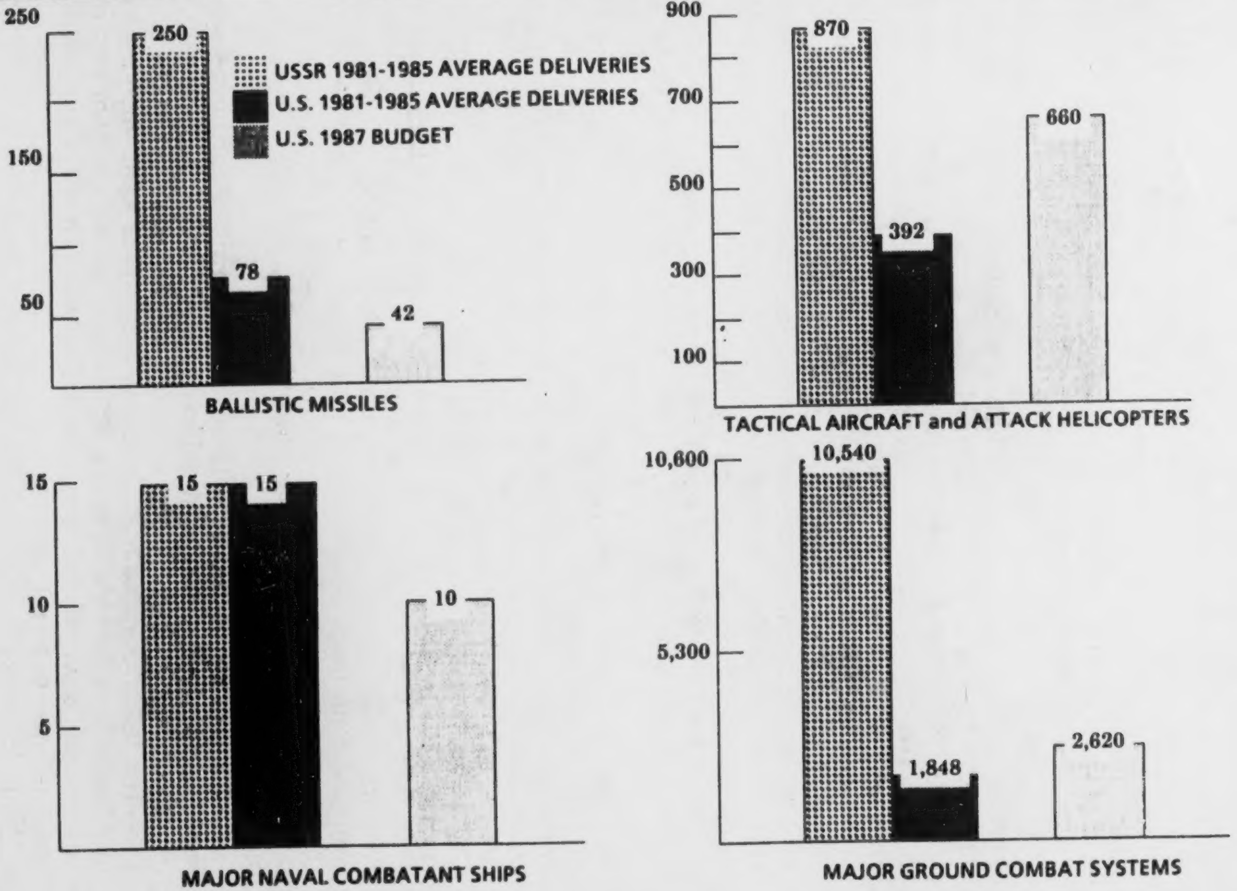
COMPARISON of 1981-1985 EQUIPMENT DELIVERED with FY 1987 BUDGET



U.S./USSR EQUIPMENT DELIVERIES

Secretary **Weinberger**. Now, this is what we would request in our budget, in the 1987 budget, in the light blue. The dark blue is the average deliveries we have had from 1981. The red is the Soviet Union average annual deliveries of these various items—ballistic missiles, tactical aircraft and attack helicopters, naval combatant ships, and major ground combatant systems.

In each of these cases, with the exception of naval combatant ships, they are a long way ahead. With the naval combatant ships, they are now starting to catch up. So, we hope very much the Congress this year will see what is necessary, and what is required is in the President's budget.

It is not a matter of our keying our budget or making up our budget on the basis of how much the Soviets acquire, but it is a matter of trying to determine what level of risk is safe for America to bear. We look on the defense budget as a form of insurance policy. We hope that it will never have to be used, just as we hope that will be the case with other insurance.

We don't think it is very safe to take a chance by not having any insurance at all, and there is a significant difference between fire or burglary insurance and what our kind of insurance is, because those are perils that we insure against that might or might not happen, regardless of anything we might do.

The threat of war is a risk that depends upon the Soviets' perception of our strength; and if they, at any time, perceive that we lack the will to apply our resources or our very considerable strength to national security, then the risk of war increases enormously. It increases by our own actions. It is essential that we have the kind of insurance that will deter the Soviets from believing they could ever take any advantage or have any advantage out of our own failure to provide for our own security.

We don't seek to create credible deterence alone. We are also trying to insure that we have allies that do it, the NATO continues to maintain a very credible deterrence in the European theater. In Asia, the military balance favors the Soviets, but we have enormous contributions from South Korea and Japan and from the facilities that we have in the Philippines. All of these are extremely important to continue and to strengthen. The alliances are very vital to our whole strategy.

And, again while the Soviets have an overall quantitative advantage, certainly in conventional weaponry, it is vital we use our great strength, which is our technology. We must maintain this to keep the leads that we have in those vital areas and, thus, multiply our forces and be able to make up some of these very serious manpower and conventional weapons deficiencies that the Soviets have been allowed to build up.

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FY 1987 DEPARTMENT OF DEFENSE BUDGET

MANPOWER
(IN THOUSANDS)

	FY 1985	FY 1986	FY1987	Change FY 86-87
MILITARY ACTIVE DUTY				
ARMY	781	781	781	-
NAVY	571	581	593	+ 12
MARINE CORPS	198	199	200	+ 1
AIR FORCE	602	606	607	+ 1
TOTAL MILITARY [1]	2,151	2,167	2,181	+ 14
RESERVE MANPOWER				
SELECTED RESERVES	1,088	1,134	1,186	+ 52
CIVILIAN MANPOWER				
TOTAL CIVILIAN [2]	1,129	1,110	1,114	+ 4

Note: 1. Includes Military assigned to Defense Agencies and Cadets.

2. Civilian End Strength includes Classified, Wage Board, Foreign Indirect, Civilian Technicians, and Permanent Part-time.

MANPOWER

Secretary **Weinberger**. On manpower, our request calls for quite modest increases. It is essential, I think, that those increases be provided for, particularly in the case of the Navy, where new ships are coming on line all the time. It would be very poor economy to have concluded that the need was there for those ships, but not to man them. That is essentially what we would be doing if these increases are denied.

The reserves are at the highest level that they have ever been, and this again is an indication of the basic spirit of patriotism in the country and the willingness of more and more people to volunteer for both active and reserve programs. These programs, of course, need support and modern equipment, so that the total force concept can be realized. Again, we hope that this can be done.

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PERCENT OF RECRUITS WITH HIGH SCHOOL DIPLOMAS

Service	1980	1981	1982	1983	1984	1985
Army	54	80	86	88	91	91
Navy	75	76	79	91	93	89
Marine Corps	78	80	85	92	95	97
Air Force	83	88	94	98	99	99
Total	**68**	**81**	**86**	**91**	**93**	**93**

PERCENT OF FIRST TERM REENLISTMENTS

Army	50.6	55.0	58.6	45.3	43.8	43.1
Navy	36.7	41.7	50.3	55.7	58.0	54.5
Marine Corps	23.2	26.6	34.0	33.3	39.5	35.4
Air Force	35.8	42.9	56.9	65.8	61.9	53.9
Total	**39.1**	**43.0**	**52.9**	**51.6**	**51.2**	**47.8**

Secretary **Weinberger**. We have a very favorable picture on retention and recruiting. In fact, manpower is perhaps the proudest part of the Defense Department story because on a volunteer basis we have managed to recruit not only very high quality caliber people, but to keep them. As a matter of fact we now have waiting lists all around our various recruiting posts from people who want to serve, but have to wait their turn.

This, of course, also enables us to get a very good quality selection and to reject people whose educational background or achievements indicate they would have trouble in dealing with the modern systems that we now have.

In retired pay, which is a very vital part of both morale, as well as recruitment and retention, we have, as you know, a requirement from last year to reduce total costs. In order to do that, we have submitted legislation, which we don't want, but which was in response to the direction of the Congress. If that legislation is not enacted by May 1st, we will have to release from the military approximately 500,000 people.

It is absolutely essential, Mr. Chairman, that the May 1st deadline be met or at least be extended a reasonable time so that the Congress can act and not force this absolutely impossible requirement on the military at this time. That is the result of last year's action.

Unless retirement legislation is adopted by May 1st, there will have to be at least that many released from the service in FY 1986, because we cannot pay people for whom we have no authority. That will not be required if the May 1st deadline is met, otherwise we will have no choice. So, either legislative relief from the deadline or legislative passage of bills which, as I say, we don't want, but which we have submitted in response to the Congress' direction, would be required.

If, instead of the adoption of the President's budget, there are actions taken which bring Gramm-Rudman into play for the second year in a row, it is important to bear in mind that in the current year we had a military personnel exemption from Gramm-Rudman. That is, we were able to make our reductions elsewhere and were not required to touch the personnel accounts. We took advantage of this exemption, and that saved us from having to put out on the streets immediately 280,000 military people.

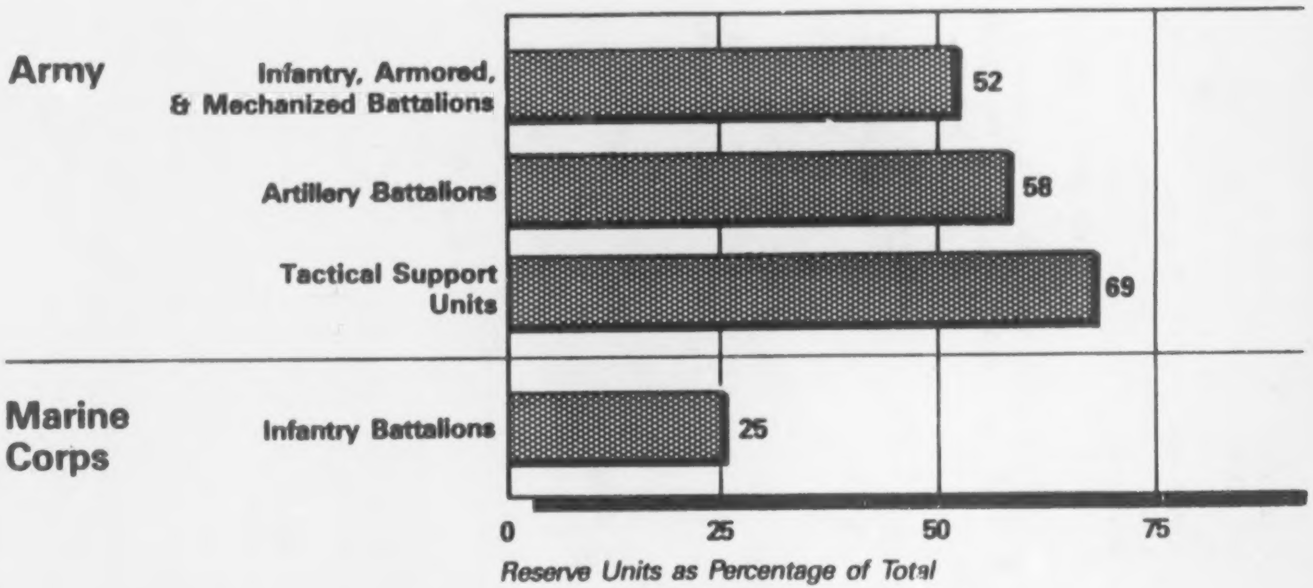
We don't have that personnel exemption in Gramm-Rudman next year. If Gramm-Rudman should be triggered without that exemption over 300,000 military people will have to be put out on the streets unless that personnel exemption is granted to us. That estimate is based on a reduction percentage approximately the same as occurred this year; again, a disaster as far as the military and national security is concerned, to say nothing of what it would do to the economy.

So, we are very hopeful that will not be the case. This is a chart which shows the quality, both in aptitude and educational background, and the reenlistment record. It is a very proud and very good story.

[Slide follows:]

PROJECTED CONTRIBUTION of RESERVE COMPONENTS

(END OF FY 1987)



ANNUAL CHANGE IN GUARD AND RESERVE FUNDING

(Less Congressional Adds - $ in Millions)

FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
+ 420	+ 1,534	+ 2,177	+ 3,594	+ 1,860	+ 740

RESERVE COMPONENTS

Secretary **Weinberger**. Again, this is the contribution that reserve components make to the military as part of the total force, and it is a very significant contribution. It shows that we are trying to move more and more of the total burden to the reserve and guard. That is somewhat less expensive, but may not be quite as effective as having all of the burden carried by the active force. However, it certainly is vital because we rely heavily on the guard and reserve units.

In many cases, the maneuvers and exercises show that guard and reserve units are fully as qualified as the active forces, which is a very good thing for all of us.

[Slide follows:]

Major Equipment Procured for Guard/Reserve

	FY 1985	FY 1986	FY 1987
Army			
AH-64 Attack Helicopters	18	18	-
UH-60 Blackhawk Helicopters	2	15	32
Bradley Fighting Vehicles	174	32	-
M-1 Abrams Tanks	180	60	120
High Mobility Multipurpose Wheeled Vehicles (HMMWV)	1,572	5,872	2,476
Navy			
UH-60 Blackhawk Helicopters	2	4	-
KC-130T Tanker Aircraft	2	2	-
MK-15 Close In Weapon System (PHALANX)	4	6	1
M-198 Towed Howitzers	-	50	36
High Mobility Multipurpose Wheeled Vehicles (HMMWV)	643	1,719	-
Air Force			
C-130H Aircraft	16	16	-
F-16 Aircraft	30	-	-
Fuel Tank Trucks	50	45	57
Flightline Tow Tractors	115	41	77
Fire/Crash Trucks	84	69	102

Secretary **Weinberger**. This is the equipment that we managed to produce in the last two years for those units which shows that they are getting the most modern helicopters, tanks, naval equipment and all the rest.

[Slide follows:]

ARMY MODERNIZATION

	On Hand FY 1980	On Hand FY 1985	FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
Close Combat				
M-1 Tanks	34	3,021	1,956	840
Bradley Fighting Vehicles	-	1,936	1,735	870
Helicopters				
AH-64 Apache	-	45	408	144
UH-60 Blackhawk	-	684	93	78
Air Defense Missiles				
Patriot	-	612	1,563	700
Stinger	-	6,554	8,005	4,180
Artillery				
M L R S	-	204	144	44

ARMY MODERNIZATION

Secretary **Weinberger**. Here are the things that we were able to get for the Army as part of our whole modernization program. Again, Mr. Chairman, I call your attention to the last column, fiscal year 1987. These are comparatively small additions to the force when you look back at the equipment onhand. Take a look for example at tanks, 3,000 on hand. We are going to get 840 this year. That is very good. Those are very modern tanks. It is the first tank in 20 years we could say is better than the Soviets'. The Soviets on the other hand get 3,000 each year, and they have a much larger base than we do, which they are constantly modernizing.

The same kinds of ratios go all the way down through this.

[Slide follows:]

NAVY/MARINE CORPS MODERNIZATION

	On Hand FY 1980	On Hand FY 1985	FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
Tactical Aircraft				
F-14A	322	430	54	15
F/A-18	-	234	252	120
AV-8B	-	32	105	42
P-3C	176	229	21	9
Ships				
SSN-688 Submarine	10	28	24	4
AEGIS Ships	-	3	17	5
Frigates	71	112	5	-
Battleship Reactivation	-	2	2	-
Trident Submarine	-	6	7	1
Strategic Missiles				
TRIDENT I	144	518	52	-
TRIDENT II	-	-	-	21
Tactical Missiles				
Sidewinder	4,510	5,899	1,823	627
Sparrow	2,236	2,753	2,932	1,716

NAVY/MARINE CORPS MODERNIZATION

This is the modernization program for the Navy and Marine Corps and shows the number of tactical aircraft we hope to add in our 1987 budget. Again, these are not excessive amounts, and they do not leave us with excessive numbers.

Secretary WEINBERGER. This is the modernization program for the Navy and Marine Corps and shows the number of tactical aircraft we hope to add in our 1987 budget. Again, these are not excessive amounts, and they do not leave us with excessive numbers.

Bearing in mind the normal rates of attrition and particularly the enormous Soviet acquisitions each year, these are modest amounts indeed. But, because of their high technology and the significant capability in these weapons, we are able to utilize them to close the gaps between the Soviets and ourselves. It is therefore essential we get these numbers, and that is why the budget is as high as it is.

[Slide follows:]

AIR FORCE MODERNIZATION

	On Hand		FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
	FY 1980	FY 1985		
Tactical Fighters				
F-15	507	728	105	48
F-16	157	838	398	216
Strategic Aircraft				
B-1B	-	2	100	-
Mobility Aircraft				
KC-10	-	35	57	8
C-5B	-	-	29	21
Strategic Missiles				
PEACEKEEPER	-	-	54	21
ALCM-B	12	1,472	267	-
Nuclear/Tactical Missiles				
GLCM	-	196	288	76
Sparrow	8,192	10,302	1,965	379
Sidewinder	11,617	16,753	3,581	1,710

AIR FORCE MODERNIZATION

Secretary **Weinberger**. Here is what we are doing in the Air Force, and again you see the same story. There are 216 F-16s requested in the budget. We have about 800 on hand. Tactical fighters is an area in which we are far behind. Not only the Soviet present numbers, but the annual rate of Soviet acquisitions has continued almost without ceasing for about 15 years.

We are doing a great deal, too, in view of the kind of world that it is, to modernize and strengthen our special operations forces, both in terms of training and with additional people being added to these areas as well as the special kinds of equipment they require.

[Slide follows:]

SPECIAL OPERATIONS EXPANSION

	FY 1981	FY 1987
Total Funding ($ millions)	$441	$1,693
MC-130 Aircraft	0	5
Special Forces Groups (includes four Reserve Components)	7	8
Ranger Battalions	2	3
Psychological Operations Battalions	3	4
SEAL Teams	2	5 1/
SEAL Delivery Vehicle (SDV) Teams	0	2 1/
Seafox (Special Warfare Craft, Light)	8	36

1/ Includes two Underwater Demolitions Teams redesignated in 1983.

SPECIAL OPERATIONS FORCES

Secretary **Weinberger**. This chart demonstrates in general the increase in requested funding. That increase, I think, over 1981, you will notice is about four times. Unfortunately, that matches the need because we have had an increased requirement for special operation forces that other military units throughout the world have recognized is a vital and effective way of trying to deal with these terrorist activities that we face so frequently now.

[Slide follows:]

MAJOR FY1987 RDT&E PROGRAMS

($ in Millions)

	FY 1986	FY 1987
Strategic Defense Initiative	2,746	4,785
LHX Helicopter & Engine	114	155
DIVAD Alternatives	31	104
V-22 (JVX) Tilt Rotor Aircraft	555	387
SSN-21 Attack Submarine/SUBACS	576	670
Advanced Tactical Fighter	165	294
Small ICBM (Incl. Basing)	746	1,396
PEACEKEEPER (Incl. Basing)	696	721

RESEARCH AND DEVELOPMENT

Secretary WEINBERGER. Now, we talked a lot about the technology in the past and the lead we have. This is the request for research and development, which is the way in which we will maintain that lead. The Soviets are weakening that lead, chipping away at it, trying to erode it, because they recognize the tactical strength and superiority of many of our systems. Because we have been very careless with our technology, and because they have stolen a great deal of it, they are making major in-roads in this.

This is the request that we have, which is, as you see, very much higher than last year. Last year's was cut, however. It was much higher. We tried to maintain this lead. A lot of that increase is in the Strategic Defense Initiative, and the President's strong support of that program is exemplified by his request. That is a strong interest that is based on one thing, and one thing only: that he believes, as well as us, it is a better way to try to keep the peace with systems that destroy weapons and protect our citizens rather than simply trying to avenge them after a first strike.

CONVENTIONAL FORCES

Conventional forces also need to be included, and we have indicated in the previous charts some of the ways in which we hope to do that. The Bradley fighting vehicle has been controversial because there are a lot of people who feel the tests are not adequate. We have reviewed the tests many, many times, and I can assure you that neither the Army nor the Department of Defense has the slightest interest in requesting money or fielding anything as important as the fighting vehicle that is not only fully tested, but as safe as possible.

It is a far safer, far better, far more effective way of getting into combat than the way used 40 years ago by the infantry when we walked in. There may be things that need improvement and that is what we are studying right now. We are testing those improvements. It is an absolutely vital capability to have, and the two-phase tests that we are conducting are to determine the best means of improving the survivability of the vehicle. In any event, it is a major improvement, on schedule and under cost, and it is achieving all of the specifications that we want and need.

STRATEGIC MODERNIZATION

There are, of course, requirements that we continue within the modernization of our strategic offensive deterrent. Until and unless we can get strategic defense, that represents the only basic way we have of keeping the peace in the face of ever-growing Soviet improvements and additions to their force.

We have debated the MX for 11 years. During that time, the Soviets have deployed seven new systems and are beginning to test more for future deployment. So it essential we bear that in mind.

Mr. Chairman, I am just running through a few of the items in the statement. I hope the Members will have a chance to look through it, because it does cover all of these points in far more detail.

[Slide follows:]

MANAGEMENT IMPROVEMENTS

FINANCIAL MANAGEMENT:

- **Saved $225 million through improved cash management and disbursement procedures.**
- **Reduced the DoD's interest payment by $600,000.**

INTERNAL MANAGEMENT CONTROL:

- **Documented a 78% improvement in internal management controls.**

ADP:

- **Reduced uneconomical leases of ADP equipment by $905 million through cost-efficient purchasing.**

MANAGEMENT IMPROVEMENTS

Secretary **Weinberger**. Finally, a word on management. We have had a lot of discussions, and properly so, of whether the costs to the Department are excessive and whether or not the management has been effective. It is a major priority for us, and has been since 1981. We think we are controlling cost growth very well.

[Slide follows:]

ACQUISITION IMPROVEMENTS

- **Cost Growth for Major Weapon Systems:**

●●	end of CY 1980	14%
●●	end of CY 1983/CY 1984	1%

- **Multiyear Procurements:**
  - FY 1982 - FY 1986:
    - 40 multiyear contracts approved/$6.2 billion in projected savings
  - FY 1987 budget :
    - 7 multiyear programs requested/$2.1 billion in anticipated savings
- **Increased Use of Competitive Contracts:**
  - 72% of all FY 1985 contracts competitively awarded (40% in FY 1981)
- **Spare Parts Acquisition Initiatives:** Savings of $2.5 billion
- **Economic Production Rates:** Savings of $2.7 billion

ACQUISITION IMPROVEMENTS

Secretary **Weinberger**. Just this past week, we released the weapons systems acquisition reports required by Congress, and these costs have come way down. The 88 programs that are included in this showed a net decrease of 5.3 percent, or $41 billion, for their acquisition. The largest single component of that reduction was lower inflation, of course, for which the Administration and the Department are very grateful. The cost growth for these systems last year was less than 1 percent. The most recent report indicates they are minus.

They have gone down from the 14 percent increase in 1982, to minus 1 percent now. That, I think, is a pretty good indication of the improvement of management and the success of cost control.

Competition and very close management are the watch words that we use. A lot of the basis for the stories that have caused us so much difficulty, of course, are our own audits. These have produced the facts that have then been used to try to demonstrate that we shouldn't have our increased budgets that the world ignores. It is important that we bear in mind the facts on those, and keep in mind the increase in competition, improved management, and the actual savings that are resulting from them. When you have the SARS going from a 14 percent annual increase down to minus 1 something, we must be doing something right.

[Slide follows:]

DOD EFFORTS TO CURB WASTE, FRAUD and ABUSE - FY 1985

CONTRACT AUDITS:

• ESTIMATED SAVINGS	$8.1 billion

INTERNAL AUDIT of DOD ACTIVITIES:

• ESTIMATED SAVINGS	$2.7 billion

INVESTIGATIVE ACTIVITIES:

• RECOVERIES, RESTITUTIONS, and FINES/PENALTIES	$125.9 million

Secretary **Weinberger**. We think quite a lot of things are improving. There are a lot of other efforts that we are making to stop waste and fraud of any kind, and to find it first. We, of course, will continue to do that no matter what action is taken on the budget.

I close, Mr. Chairman, with the statement with which I opened. We have no evidence whatever of any diminution in the risk to the country from the world situation. Quite the contrary, not only from enormous Soviet increases in conventional and strategic power, but from the terror system employed on a worldwide basis, and it is essential that we respond.

Our response is expensive, but there is no way that we can avoid it. When you have a budget that is 50 percent devoted to manpower costs, as it should be in our kind of society, and you have an increasing threat, then we can laugh all we want and say that defense is always too high and the deficit is too high. Of course, we can hope that the best will happen in negotiations, although it hasn't for many, many years. We can trust the Soviets will slow down, if we do, but they never have.

All of these things are all right for people who don't have the responsibility. However, when you have the responsibilities that I have, and that we have in the Defense Department, we feel we owe it to you to bring before you our best and most honest estimate of what is actually required, and to inform you about the extremely damaging effect that this year's budget going down 6 percent has on that, and the even more damaging effect it will have not only on our own security, but the way that security is perceived by our friends and our foes alike, and what that will do to the negotiations in which many people put so much faith.

So, those are the points I wanted to get before you, Mr. Chairman. I am sorry to have gone on at such length, but had I read the whole statement it would have been much longer.

I appreciate very much the very careful attention you have paid, and I know Admiral Crowe has some points that he would like to make.

Mr. **Chappell**. Mr. Secretary, thank you very much.

Admiral Crowe.

SUMMARY STATEMENT OF ADMIRAL CROWE

Admiral **Crowe**. Mr. Chairman, I welcome the opportunity to appear before this committee today and provide my assessment of the nation's defense establishment.

At the outset, Mr. Chairman, I speak for all the members of the JCS in offering condolences to the family of Congressman Addabbo, who served so faithfully and diligently as the Chairman of this committee. He will be sorely missed.

Mr. **Chappell**. We appreciate that, Admiral, and we agree with you.

Admiral **Crowe**. I have submitted a statement for the record, and I would like to summarize that statement this afternoon.

MILITARY POSTURE

I am convinced, from personal observations of our forces in the field and stringent demands placed on them in recent months, that the current posture of the armed forces is sound. I can testify that your investment in national defense over the last few years has paid huge dividends. At the same time, I believe there is a great deal yet to be done to ensure the Republic's future security.

First, I believe it is imperative to understand that our military posture provides us a great deal more than simply a shield against direct attack. That same power underwrites our ability to use the sea lanes, to communicate with friends overseas, to approach arms control negotiations with confidence, and to cement alliances which, in turn, enhance our own security. In fact, our strength has been an indispensable pillar, not only of our own freedom, but also the freedom of our allies and friends around the world.

Before returning to Washington, I witnessed this first-hand as I served in command billets that brought me in touch with most of our major allies and a good share of the Third World. In NATO, I observed that our military contribution to that coalition also anchors its unity and political structure.

In the Pacific, a succession of Asian leaders emphasized to me the importance of a powerful America with forces forward-deployed in the Far East. In recent months, I visited Central America and the Middle East and found officials in both areas wanting a strong United States as a backdrop for their efforts to build free and functioning societies.

In essence, I would argue, our military capability provides us a host of benefits, an everyday return on our investment, so to speak, in terms of both national security and foreign policy.

At the same time, it is important to recognize our strategy is determined not only by our own interests, but also by the actions of our opponents. Over the last 30 years, every one of my predecessors has expressed concern about the Soviet worldwide threat and the evolving military balance. Today, the size of Soviet forces, and the scale and momentum of the Kremlin's modernization efforts, as was indicated on the charts which the Secretary displayed, are of significant concern.

I won't dwell on statistics and the adverse ratios we face because Russian accomplishments are thoroughly documented. In sum, this build-up is unprecedented in world history and on sheer momentum will carry well into the 1990s, if not longer.

In this regard, it is significant to note a few realities: Soviet military doctrine consistently stresses the offense and a "war winning" philosophy; the Kremlin is today capable of waging war on two fronts, East and West; the U.S.S.R. now has a "global military reach;" Soviet arms customers are emerging as the military powerhouses and troublemakers of Southeast Asia, the Middle East, Africa, Caribbean, and Latin America; and most disturbing, the qualitative edge the West has long enjoyed is being steadily eroded.

All things considered, I am persuaded that the U.S. will be in a far better position to influence the Gorbachev regime if we continue discussions and negotiations from a position of increasing rather than sagging military strength. Whatever you decide, let it be based on a full and unemotional appreciation of the peril we face.

These threats cannot be assumed away nor is it necessary to overstate them. They are impressive and ominous in their own right.

Let me now move to the state of our armed forces. Last year, General Vessey testified before this committee that "By every common sense measure, our forces are more ready than at any time in the recent past." Last week, we saw some of this first-hand in the Mediterranean: An extraordinary amount of courage, teamwork and skill in our combat personnel; the world's best equipment for a rigorous night mission; and the unseen, but vital contribution of a multitude of combat support forces.

MILITARY MANPOWER

Manpower is the heart of our force structure. I would not want to see reversed the remarkable improvements in our situation over the last few years. Overall, personnel readiness is at its highest level of any peacetime period in our history. About 50 percent of the force are careerists and, as a result, we have a solid cadre of mid-grade officer and enlisted personnel.

I am also pleased to report fiscal year 1985 was another successful year as measured by the quality of our recruits and overall retention rates. However, we do see potential warning signs in enlisted retention, nuclear-trained officers, and experienced pilots. None of this is cause for great alarm at this time. However, it does serve to remind us that personnel readiness is very fragile indeed.

Consequently, a healthy personnel structure is always one of the highest priorities of the Joint Chiefs of Staff.

FORCE MODERNIZATION

Turning to force modernization, the United States has no choice, but to maintain a credible nuclear deterrent for itself and for those non-nuclear allies who depend upon it.

Unfortunately, U.S. strategic modernization lagged far behind Soviet efforts during the 1970s. As a result, we have been forced to refurbish all three legs of the Triad at the same time—notably with the Peacekeeper missile, the B-1 bomber, and the Trident submarine. Current plans call for placing 50 Peacekeepers into modified Minuteman silos. In addition, we urgently need to continue research into more survivable modes for basing the second 50 missiles, development of a smaller ICBM/mobile launcher and the advanced technology bomber.

In order to guard against tactical and technical surprise, it is essential to carry out the President's strategic modernization program which will close the gap for many years to come.

Turning to the modernization of our general purpose forces. In Europe I have witnessed first-hand some of the new conventional equipment which has come into the inventory as a result of investments made over the last six years. Similarly, during my tour in the Pacific and on a recent trip there, I observed a number of modern weapon systems which have recently joined our forces. All of this is most impressive and is benefiting active, reserve and national guard forces alike. It is not just quantity we are adding, but quality, as well.

It is also important, however, to stress that there is still much to do. To cite some end 1985 figures from the active forces: Only one-third of our tank battalions have the new M-1; only one-fourth of our mechanized battalions have the Bradley fighting vehicle; only one-fifth of the air defense SAM missile batteries are equipped with the new Patriot; two-thirds of the Air Force's tactical fighter squadrons have F-15s, F-16s and A-10s; one-third of the Navy's submarine force is operating the new 688-class; slightly over one-third of the Navy's battlegroups have the new Aegis-equipped ships; airlift capacity still remains 40 percent below target with a continuing requirement to phase in the more versatile C-17.

More progress will be seen over the next two years as equipment currently in the pipeline reaches our combat forces. It should be clearly understood that we are still mid-stream in the modernization effort. To falter now would stretch out the entire process; leave many of our units behind the power curve in quality; frankly, prove more expensive in the end, and see the Soviets widen the gap.

The fiscal year 1987 budget recognizes this reality and continues the momentum.

New acquisitions have been complemented by a rigorous training program—I think we saw the results of that last week in the Mediterranean—designed to capitalize on their enhanced capabilities. Our exercises are bringing together all the Services and increasingly include national guard and reserve units.

Likewise, we are stressing more and more the logistic side of war fighting. The Reforger exercise in Western Europe, TEAM SPIRIT in Korea, and CENTCOM's BRIGHT STAR in the Middle East are annually enhancing our ability to project power to those areas where we have strong interests. These three are just the tip of an exercise iceberg, which is steadily becoming more joint, realistic and innovative.

Our training today is stimulating and exciting, and our people will tell you exactly that. Large cuts would undoubtedly threaten these programs and dull our readiness edge—a serious mistake no matter how you look at it.

Other improvements can be seen in the sustainability or combat staying power of our forces. Over the last six years, we have seen substantial growth in U.S. expenditures for sustainability. I believe one of the charts which the Secretary displayed illustrated that graphically. The funding for ammunition and spare parts has grown by over 25 percent; and ammunition inventories of all Services have improved substantially.

In Europe, for instance, ground ammunition tonnage is up 18 percent, and it has almost doubled in the Pacific. Our people are getting new confidence that they can keep the field in a protracted conflict.

The fiscal year 1987 budget still puts considerable emphasis on sustainability, and rightfully so, because we are not out of the woods yet in a number of categories. I would agree we simply must stay the course if we want a genuinely sustainable force, as well as a sophisticated and well-trained one. Otherwise, we will be spending a great deal for modern equipment with one hand and then reducing its effectiveness with the other.

My summary is simple. Since World War II, commanders have understood that in a major confrontation with the Soviets we would fight outnumbered—outnumbered by men and outnumbered by weapon systems. We have been forced to operate on the theory that we can overcome this disadvantage with modern equipment, through training, good support tactics, and skilled people. Professionals in my generation accept that philosophy and take it as a given.

At the same time, we realize that this leaves little room for error and no latitude to compensate for mistakes. Put simply, what concerns your military leaders is that in mid-stream, we will plateau our modernization efforts and start downhill again. We have seen marked improvement over the last few years, but there is a lot yet to be done if you expect your military to overcome the handicap of fighting outnumbered and face the future with confidence.

MILITARY REALITIES

Frankly, before cutting the President's budget, I would like to see more thought on this debate given to the military realities. In other words, I do not see that the threat or the need for military forces has decreased. In fact, I would argue vigorously the opposite is true in both instances.

We are on the road to recovery as a nation in large part because of our umbrella of security—our armed forces. Our increasing military might is pushing back many of the challenges we face. A new sense of excitement and confidence is taking root in our armed forces, as we have reversed the depressing trends of the Seventies.

It is imperative that we nourish those roots and not jeopardize our long-term security by once again reversing course. We have reversed course before and three times in this century entered wars unprepared. The costs were unnecessary and extremely high, both in lives and treasure. It is imperative that we not ignore these historical lessons.

There are other pressures on our nation, but in my view none so fundamental and dangerous as those I have mentioned. Domestic shortcomings and economic deficits are onerous challenges. I don't envy your task in grappling with them.

I am not a politician, a sociologist or an economist, and I would not presume to advise you in fixing those problems. But as a long-time professional in national defense, I can tell you that we are at a critical juncture. It is vital for you to ponder the military realities as well as fiscal and political pressures in making your decision. If you take the wrong path, it will erode much of the progress already made and permit the Soviets to once again start widening the gap between us. This would appear to me to be a grave error.

It is imperative to persuade the Kremlin that we are a credible adversary if we expect them to be deterred or to talk or to negotiate arms reductions.

Finally, as the leader of the free world, we must continue to be the bulwark and unifier of our alliances, and our strength plays a crucial role in that drama. The fiscal year 1987 President's budget provides a reasonable means to overcome the downturn in 1986 and to take another positive step toward insuring our future.

I would urge you to stay the course by supporting that budget.

That completes my statement, Mr. Chairman.

[The biographical sketch and statement of Admiral Crowe follows:]

BIOGRAPHY

ADMIRAL WILLIAM J. CROWE, JR.

Admiral William J. Crowe, Jr., was appointed the eleventh Chairman of the Joint Chiefs of Staff, Department of Defense, by President Ronald Reagan on October 1, 1985. In this capacity, he serves as the senior military advisor to the President, the Secretary of Defense and the National Security Council. Admiral Crowe served as Commander in Chief, U.S. Pacific Command, prior to his current appointment.

Born on January 2, 1925, in La Grange, Kentucky, Admiral Crowe moved to Oklahoma City, Oklahoma, at the age of five and grew up there. He attended Classen High School and the University of Oklahoma for one year. He graduated from the United States Naval Academy in 1946 with the Class of 1947. His further academic achievements include a Master of Arts in Personnel Administration from Stanford University and a Ph.D. in Politics from Princeton.

His initial sea tour was aboard USS CARMICK (DMS-33), followed in June 1948 by studies at the Naval Submarine School, New London, Connecticut. He qualified in submarines on 31 March 1950 in the submarine USS FLYING FISH (SS-29), then served as Flag Lieutenant and Aide to the Commander, Submarine Force, U.S. Atlantic Fleet. He was assigned to the submarine USS CLAMAGORE (SS-343) from 1952-1954 and as Assistant to the Naval Aide to the President of the United States from 1954-1955. He served as Executive Officer of the submarine USS WAHOO (SS-565) in Honolulu, Hawaii, and Commanding Officer of the submarine USS TROUT (SS-566) in Charleston, South Carolina, prior to assignment as Commander, Submarine Division THIRTY-ONE in San Diego, California.

Significant shore assignments, prior to attaining Flag rank, include: Aide to the Deputy Chief of Naval Operations (Plans and Policy); Director of East Asia and Pacific Branch, Politico-Military Division, Office of the Chief of Naval Operations; Senior U.S. adviser to the Vietnamese Riverine Force, Republic of Vietnam; and Director of the Office for Micronesian Status Negotiations, Department of the Interior.

After promotion to Rear Admiral in June 1974, he reported as Deputy Director, Strategic Plans, Policy, Nuclear Systems and National Security Affairs Division, Office of the Chief of Naval Operations. From January 1975 to June 1976, he served as Director, East Asia and Pacific Region, Office of the Assistant Secretary of Defense (International Security Affairs). On 30 June 1976, he assumed duties as Commander, Middle East Force, a command based in Bahrain in the Persian Gulf, which he held until July 1977. In August 1977, as a Vice Admiral, he was assigned as Deputy Chief of Naval Operations (Plans, Policy and Operations), as well as Senior U.S. Military Representative to the United Nations. Admiral Crowe's promotion to Admiral was approved by the Senate on 28 March 1980. He became the Commander in Chief, Allied Forces Southern Europe on 30 May 1980. He assumed the additional responsibility as Commander in Chief of U.S. Naval Forces Europe on 1 January 1983. Admiral Crowe became Commander in Chief, U.S. Pacific Command on 1 July 1983.

Admiral Crowe is married to the former Shirley Grennell of Okeene, Oklahoma. They have three children: Blake, Brent and Bambi. Their son, Blake, is a lieutenant in the U.S. Marine Corps.

STATEMENT BY ADMIRAL WILLIAM J. CROWE, JR.

INTRODUCTION

Mr. Chairman and members of the Subcommittee,

I welcome the opportunity to appear before this committee today and provide my assessment of the nation's defense establishment. While I am convinced that the current posture of the Armed Forces is sound, I likewise believe there is a great deal yet to be done to insure the nation's future security--particularly in the face of a steadily increasing Soviet threat and Moscow's broadening use of surrogates. I am, of course, aware that there is some pressure to cut back Defense appropriations in an effort to assist in reducing the current national deficit. Therefore, I believe it important that I comment not only on the status of our Armed Forces, but as well on the role military strength plays in U.S. policy-making and in the American relationship with the international community. I would strongly argue that deliberations on the military budget should commence with a clear understanding of what our defense establishment does for us.

THE ROLE OF U.S. MILITARY STRENGTH

The Secretary of Defense has provided the Congress with a comprehensive statement of U.S. defense policy. That statement notes, among other things, that the fundamental goals of our national security policy have remained essentially unchanged since the 1940s:

- -- to preserve the independence, freedom of action and territorial integrity of the United States;
- -- to preserve U.S. and allied vital interests abroad; and
- -- to shape an international order in which our freedoms and democratic institutions can survive and prosper.

These are not just empty words--they genuinely describe what our strength can and does do for us. It has provided us a great deal more than simply a shield against direct attack. That same power underwrites our dealings with the international community--for example, to use the sea lanes, to communicate with friends overseas, to approach arms control negotiations with confidence, and to cement alliances which, in turn, enhance our own security. In fact, our strength has been an indispensable pillar not only of our own freedom but also the freedom of our friends and allies around the world.

For five years before returning to Washington, I served in command billets that brought me in touch with most of our major allies and a good share of the third world. In NATO, I observed first hand that our military contribution to that coalition anchors its unity and political structure. When I served as USCINCPAC, a succession of Asian leaders emphasized to me the importance of a strong America with forces forward-deployed in the Western Pacific. In their view, our strength has deterred Soviet interference and intimidation. Behind that bulwark they have been able to seek economic prosperity and political maturity in their own fashion and at their own pace. I was continually warned that a decided Soviet military superiority in the Pacific would be disastrous. In recent months I have visited both Central America and the Middle East. Clearly, the leaders in both areas want a strong America as a backdrop for their efforts to build free and functioning societies. To allow our strength to deteriorate would seriously undermine their efforts as well as sacrifice our own goals.

In essence, our military capability provides us a host of benefits in terms of both national security and foreign policy. Every day we are realizing a return on our investment as the Armed Forces provide an umbrella under which all our other cards are played.

These considerations have, over the years, shaped our general military strategy. Its key components are:

- -- Collective security coupled with a vigorous overseas defense of the United States.
- -- A strong and credible strategic deterrent to either nuclear or conventional military attack on the U.S. and/or its allies.
- -- Capable forward-deployed conventional forces to assist allies and to deal quickly with emerging crises.
- -- A central reserve to augment forward-deployed units or deal with the unforeseen over a wide spectrum of violence (to include low-intensity conflict and counterterrorism) and in a variety of climes.
- -- The sea and airlift capability to project and support U.S. forces on a

global basis.

- -- The ability to ensure America's free and uninterrupted use of the seas for trade and security purposes.
- -- A vigorous security assistance program to aid allies and friends in improving their ability to defend themselves.
- -- A willingness to engage in meaningful arms limitation negotiations.

These principles, of course, combine to make up our military policy. Granted, it is a demanding strategy, but one that befits our goals and our position as a leader of the free world. Even though this strategy does not call for the U.S. to match its adversaries weapon for weapon, I often hear the argument that we should cut back our commitments to better fit our resources. But the proponents of such a philosophy don't seem to be able to reach agreement on what commitments to cut back, what regions to neglect or what allies to cut adrift. Without such a consensus, the argument has little force--particularly in today's interdependent and uncertain world.

THE THREAT

By definition, our strategy is determined not only by our own interests but also by the actions of our opponents. As Secretary Weinberger emphasizes in his statement, "In this respect the Soviet Union remains the dominant consideration." Moscow still harbors dreams of unlimited expansion and of the ultimate defeat of the free world. Yet communism's ideological appeal has steadily lost ground and the Kremlin has been plagued with a host of intractable economic and political problems. As a result, Soviet leaders are turning more and more to raw power to achieve their objectives either directly or indirectly --witness Afghanistan, Cambodia, Angola, Nicaragua, etc. The thrust of their military buildup is ambitious, hostile to free governments, and persistent.

Over the last 30 years, every one of my predecessors has expressed concern about the Soviet worldwide threat and the evolving military balance. Today, the sheer size of current Soviet forces, and the scale and momentum of the Kremlin's modernization efforts are of significant concern. Tremendous advances have been made in hardware over the last two decades, upsetting many of the advantages we held in the immediate post-war period.

For example, the strategic nuclear balance has shifted dramatically. The Soviets now enjoy superiority in ICBMs, medium-range nuclear forces and in mobile ballistic missiles. They are a burgeoning nuclear power intent on achieving dominance over the U.S. strategic deterrent. As to conventional arms, they lead the world. The Soviet inventory includes about a 4 to 1 advantage over the United States in tanks, 2 to 1 in aircraft, and 5 to 1 in artillery. These gaps will likely continue to grow since the Soviets have historically produced more weapons than the combined efforts of the United States and NATO. The personnel picture is no different. Active Soviet military forces outnumber U.S. active forces by about 2 to 1. Similarly, their progress in space commands deep respect; e.g., satellites, ABMs and ASATs. Perhaps most impressive is the rise of the Soviet Navy in the last 30 years from a short-legged regional force to a blue water fleet with a global reach. I won't dwell on statistics because Russian accomplishments are well documented in our Posture Statement and defense literature. In sum, this buildup is unprecedented in world history and on sheer momentum will carry well into the 1990's, if not longer. In this regard, it is important to note:

- -- Soviet military doctrine consistently stresses the offense and a "war winning" philosophy.
- -- Their forces vastly exceed those necessary to defend their own shores.
- -- They are today capable of waging war on two fronts, both in the east and in the west.
- -- Given their modern navy and political connections with satellite countries, they now have a "global military reach."
- -- The Soviets possess an overwhelming superiority in the area of offensive chemical weapons.
- -- Most disturbing, the qualitative edge the west has long enjoyed is being eroded. This has been achieved through large R & D investments, emphasis on technological education (4 times as many engineers as the U.S. in the last 10 years), piracy of western technology, and a willingness to accept inefficiencies in the process.

Special mention must be made of the increasing Soviet tendency to act through surrogates. The USSR is the world's largest arms salesman, delivering some $95 billion in weapons over the last decade. Approximately $80 billion worth of equipment, some new and some outdated by Soviet standards, has been funneled into the third world during the same period. In turn, Soviet customers are emerging as the military powerhouses of Southeast Asia, the Middle East, Africa, Caribbean, and Latin America. Moreover, Moscow continues to be successful in having its clients act against western governments and peoples. The result is a burgeoning terrorist threat, more small but fierce regional conflicts, and an increasing willingness of small anti-American regimes to challenge Washington. Perhaps this trend is the result of our success in preserving a rough balance of power which deters direct Soviet action against the west, but the fact remains it presents a serious and growing challenge to the U.S. military.

Concurrently, we see new leadership in the Kremlin which appears to be reinvigorating the party apparatus. We also know that with all of its military muscle, the Kremlin faces some very thorny political, economic and social problems. How all of this will affect Soviet behavior over the next few years remains to be seen. I am convinced, however, that the U.S. will be in a far better position to influence the Gorbachev regime if we continue discussions and negotiations from a position of increasing rather than sagging military strength.

Whatever you decide, let it be based on a full and unemotional appreciation of the peril we face. These threats cannot be assumed away nor is it necessary to overstate them. They are impressive and ominous in their own right.

CURRENT STATUS AND THE FY 1987 BUDGET

Let me now move to the state of our Armed Forces. Last year, General Vessey testified before this committee that "by every common sense measure, our forces are more ready than at any time in the recent past." That statement remains valid today and is made possible by the support of our citizenry and the Congress. On behalf of the men and women in the Armed Forces, I thank you. Each of the Service Chiefs has testified in some detail as to the major concerns and the requirements of his Service. I will speak to our overall war-fighting capability from my perspective as Chairman. To do this, I have selected five broad areas of interest--manpower, modernization, training, sustainability, and special operations forces. Before proceeding, however, a few words are in order concerning the FY 1986 fiscal climate.

As a result of a decision to level defense spending this year and subsequent across-the-board cuts, mandated by Public Law 99-177, we already have seen a number of funding dislocations which will impact on our military posture. This includes a five percent reduction in operations and maintenance funding which is forcing some belt tightening in such areas as base management, operations tempo, and essential maintenance. Further, we see some freezes in civilian hiring as well as realignments in military personnel rotation and travel accounts. While we are striving to work around these problems, I cannot emphasize too strongly the adverse impact of such cuts on the readiness of our forces and the stability of military life. They threaten to undo much of what has been accomplished in the last few years as we have fought back from the neglect following Vietnam.

Manpower. In particular, I would not want to see reversed the remarkable improvements in our manpower situation, which is the heart of our force structure. Overall, personnel readiness is at its highest level of any peacetime period in our history. About 50 percent of the force are careerists and as a result, we have a solid cadre of mid-grade officer and enlisted personnel. The nation can be extremely proud of the high caliber of its Service men and women.

FY 1985 was another successful year for all the Services. The quality of our recruits exceeded that of FY 1984. Ninety-three percent of all of our non-prior Service enlistees were high school diploma graduates and ninety-three percent as well scored average or above on the enlistment test. However, as you are aware, the youth population from which the Services can recruit continues to shrink, and recruiting can be expected to become a growing challenge in the future.

Retention continued at very high levels for FY 1985 as well, but not without potential warning signs. Overall, enlisted retention declined from FY 1984 levels for all Services in all categories except for first termers in the Army. This has aggravated shortages in some of our enlisted skills. In addition, the Navy still is having difficulty retaining sufficient nuclear officers and, along with the Air Force, continues to lose experienced pilots.

In and of itself, none of this is cause for great alarm at this time. but it does serve to remind us that personnel readiness, recognized as the cornerstone of our national defense, is very fragile indeed.

The bottom line is that our most precious asset is quality personnel; consequently, as we approach the FY 1987 budget a healthy personnel structure is the first priority of the Joint Chiefs of Staff. It is imperative that we have programs which will attract and retain adequate numbers of dedicated, intelligent and disciplined soldiers, sailors, airmen and marines. Under no circumstances can we afford to return to the unstable manpower picture of the 1970's.

Modernization--Strategic Nuclear Forces. Turning to force modernization, the United States has no choice but to maintain a credible nuclear deterrent for itself and for those non-nuclear allies who depend upon it. Stated in different terms, we should be able to tell the Soviet Union: "You cannot coerce us with your nuclear arsenals, because if you launch those weapons you will suffer as much if not more damage than the United States."

Unfortunately, U.S. strategic force modernization lagged far behind Soviet efforts during the 1970's. As a result, we have been forced to refurbish all three legs of the Triad at the same time--notably with the Peacekeeper missile, the B-1 bomber, and the Trident submarine. Current plans call for placing 50 Peacekeepers into modified Minuteman silos. In addition, we urgently need to continue research into more survivable modes for basing the second 50 missiles and development of a smaller ICBM/mobile launcher.

By the end of this year, the first 20 of 100 B-1 bombers will have been delivered to the Strategic Air Command. Over the next several years, this program will partially and temporarily modernize the manned bomber element of our Triad. Concurrently, we must move ahead with the Advanced Technology Bomber (ATB), so that it can be ready for deployment in the 1990's. Thereafter, we will have a prudent mix of B-1B and ATB types.

Additionally, we now have 5 deployable Trident I submarines, with 2 more on sea trials. Each carries 24 improved C-4 missiles. In various phases, contracting and construction work continues on an additional 6 submarines funded by Congress through FY 1986. This budget would fund the fourteenth Trident plus the D-5 missile. Because of its hard-target kill capability, the D-5 goes a long way toward increasing the potency and credibility of our strategic nuclear posture.

In order to guard against tactical and technical surprise, it is essential to have an updated and healthy Triad which will see us into the next century. The President's modernization program will give us that capability if it is fully carried out. We cannot afford to do otherwise.

Looking to the future, the Joint Chiefs of Staff wholeheartedly support the President's Strategic Defense Initiative (SDI) which will muster the nation's technological talent to determine whether an alternative to sole reliance on mutual assured destruction is feasible. It is both prudent and moral for the United States to explore means for ending the dominance of offensive ballistic missile weaponry.

Modernization--Chemical Warfare. Additionally, the JCS fervently support efforts initiated in the FY 1986 budget to develop an updated deterrent chemical capability. This program is necessary to offset serious disadvantage on the battlefield and to counter offensive and defensive asymmetries strongly favoring the Soviet Union. From the perspective of the American fighting man in the field, it is difficult to overemphasize this request.

Modernization--General Purpose Forces. In Europe, I have witnessed first-hand some of the modern weapons and equipment which have come into the inventory as a result of investments made over the last six years. Similarly, during my tour in the Pacific and on a recent trip there, I observed a stream of modern weapon systems. It is most impressive and is benefitting active, reserve and national guard forces alike. My FY 1987 Posture Statement documents these advances in some detail. It's not just quantity we are adding but quality as well. Test scores in gunnery and bombing are steadily climbing, in great measure because of improved munitions and fire control systems for use with tanks, artillery, fighter and attack aircraft and ships. Higher speeds in the M-1 tank and Bradley Fighting Vehicle have permitted a quantum jump in the pace of our land warfare capabilities. Improved reliability and less time spent in maintenance are characteristics of these new weapon systems which equate to increased capability. Similarly, recent investments in airlift and sealift have materially enhanced the ability to project power in every theater. During exercise Reforger I personally watched the fast sealift ship (ALGOL) unload at Antwerp. In six days it moved from Norfolk to western Europe 33,000 measurement tons including 1,150 pieces of major equipment. Everything was unloaded in 21 hours. The integrated Aegis System is at sea and exceeding expectations in missile kill capability.

While we have made great progress over the last six years, it is also important to stress that we are only mid-stream in the conventional force modernization process. To cite some end FY 1985 figures from the active Army, about:

-- One-third of our tank battalions have the new M-1;

-- One-fourth of our mechanized battalions have the Bradley Fighting Vehicle;

-- Two-thirds of aviation companies have the improved Blackhawk Helicopter; and

-- One-fifth of the air defense SAM missile batteries are equipped with the new Patriot.

In general, these modernized units give our people a fair chance to deter and defend in areas where they may be "first to fight" as in the central region of NATO. But those units not modernized--a majority of active Army battalions and many in reserve components--remain behind the power curve in equipment quality, particularly as reinforcements for NATO.

With respect to U.S. tactical air forces, I find similar trends. Over the last ten years, roughly two-thirds of the Air Force's tactical fighter squadrons have been modernized with the F-15, F-16, and A-10. During the same period, the Navy modernized over half of its tactical air squadrons with such types as the F-14 or F-18. For both Services, this modernization process has not trickled down as much or as fast to the reserves as we would like to see.

In strategic airlift, we have achieved a 25 percent increase in capability since 1980 by purchasing additional C-5 Galaxys and by stretching and adding air refueling capability to all of our C-141 Starlifters. Even so, we ended 1985 possessing only 60 percent of the airlift capability required to reinforce our forward-deployed forces. The C-17 transport aircraft will complement our existing airlift force and make up our capability shortfall at the least cost in the long run. An added advantage of the C-17 will be its ability to provide flexible intra-theater lift and efficient inter-theater direct delivery to our commanders in chief. We must commit ourselves to the C-17 and the effective solution it provides.

Our "blue water" Navy also is only partially into the modernization process, particularly with the new Aegis-equipped ships which will add protection to our carrier battle groups in tomorrow's sophisticated electronic environment and help compensate for the Soviet numerical superiority. Only four battle groups are now so equipped. In addition, we remain mid-stream in efforts to modernize our nuclear attack submarine force with only 33 of the 688-class in a force of 96. If we are to face the future with the confidence that we can reinforce our allies, as on the flanks of NATO, or keep Soviet pressure off the sea lines of communication then we must persevere with these modernization efforts.

In summary, we have made great progress over the last six years updating our conventional forces so that they can survive on the modern battlefield and compete with the Soviet threat of today and over the horizon. More progress will be seen over the next two years as equipment currently in the pipeline reaches our combat forces. But it should be clearly understood that we are still mid-stream in the modernization effort. To falter now would not only stretch out the entire process, but would erode many of the gains already made and, frankly, prove more expensive in the end. The FY 1987 budget recognizes this reality and continues the momentum.

Training and Exercises. New acquisitions have been complemented by a rigorous training program designed to capitalize on their enhanced capabilities: our exercises are bringing together all the Services and increasingly include National Guard and Reserve units. Over the last year, the JCS scheduled some 95 exercises designed to evaluate doctrine, tactics, procedures, and command and control arrangements involving multiservice and multinational components. Concurrently, overseas deployment training by Army Reserve component soldiers is up by nearly 50 percent compared with five years ago.

Likewise, we are stressing more and more the logistic side of war fighting.

A few examples are illustrative. The Reforger exercise in western Europe recently tested every aspect of reception and onward movement of reinforcements from the continental United States using host-nation support from our European allies. Team Spirit performs a similar function for the reinforcement of Korea. Central Command's Bright Star exercise is growing in realism every year and enhancing our ability to project power into the Middle East. These are just the tip of an an exercise iceberg. In sum, our training is steadily becoming more joint, realistic and innovative.

Sustainability. Other improvements can be seen in the sustainability or combat "staying power" of our forces. As a system, sustainability includes war reserve stockpiles (munitions and spares), transportation capabilities, and industrial surge capacities. We worry about potential "war stoppers" or their impact on the theater nuclear threshold. Thus, our goal in sustainability is "logistic support to our conventional forces from initiation to successful termination of any conflicts."

In line with this goal, we have seen substantial growth in U.S. expenditures for sustainability over the last six years. In the past four years, the funding for ammunition has grown by over 25 percent; spare parts funding has doubled; and ammunition inventories of all Services have improved substantially. In Europe, for instance, ground ammunition tonnage is up 18 percent, and it has almost doubled in the Pacific. Munition deficiencies which plagued us for years are improving steadily, but at the current rate of expenditures, it will be several years before we can near our goals and breathe easier.

The FY 1987 budget still puts considerable emphasis on sustainability and rightfully so. But years of neglect cannot be remedied easily or quickly. We simply must stay the course if we want a genuinely sustainable force as well as a modern and well-trained one. Otherwise, we will be spending a great deal for modern equipment with one hand and then reducing its effectiveness with the other.

Special Operations Forces. A particular word about "special operations forces" is in order. While small in total strength, our special operations forces have enormous utility and value in peace, crisis, or war. Some are specifically tailored, dedicated, and readily available to protect American lives and property overseas against international terrorists or other non-governmental groups hostile to the United States.

SOF units are comprised of the U.S. Army Special Forces and Ranger battalions, U.S. Air Force Special Operations Forces and the U.S. Navy Seal Teams. Major equipment initiatives in train include more helicopters with specialized mission equipment, improved AC-130 gunships, air transports, long-range communications, dry-deck shelters on submarines, and Seal delivery vehicles, along with related support facilities.

Overall, the program remains on track in FY 1986 with:

- -- An increase in Army contingents including CH-47D helicopters and related support;
- -- Expansion of the Navy's Special Warfare Training School and number of Seal platoons; and
- -- New equipment acquisitions by the Air Force to upgrade the SOF aviation support fleet.

Simultaneously, considerable thought has been put into the command and control problem. I am persuaded that we now have a system which gives us considerable flexibility and permits us to exercise whatever degree of operational supervision is indicated by the circumstances.

Essentially, we have made remarkable improvements in SOF capabilities and readiness since the early 1980's. I also support the incremental approach toward improvement embodied in the general SOF revitalization program and in the particular FY 1987 submission. Many specialized and unique capabilities simply cannot be achieved on a "crash" basis. The program will require careful monitoring and management over the next few years to ensure that various components of the revitalization effort remain on track.

OVERALL CAPABILITY

Overall, the war-fighting capability of the U.S. Armed Forces, active and reserve, remains at a high state. Keeping it there requires us to focus on two facts of life:

- -- One, readiness is a composite of several factors: combat equipment, personnel, maintenance, exercises, and supply levels. As General George

Brown observed exactly ten years ago, neglect in any one of these areas can stress separate parts of the system with an impact on overall posture. The process of deterioration may seem gradual, but the breakdown in credible military capability, should it occur, would be instant.

-- Readiness does not determine by itself how well a force will acquit itself in combat. A force less than fully ready may do very well. Conversely, a 100 percent ready force still may not have adequate military capability because of quantitative or qualitative deficiencies in force structure.

The obvious conclusion is that force structure and readiness are not an either/or proposition. We need to be strong in both areas. The President's budget for FY 1987 strikes such a balance.

SUMMARY AND CONCLUSIONS

In summary, Mr. Chairman, our military posture today is driven by a number of real-world demands, many of which have evolved over the last 30 years. If anything, we have become more rather than less dependent upon global peace and security than we were two or three decades ago. Layered on top of these demands is a Soviet threat which has steadily increased over time in all dimensions of modern warfare and in all of the regions which concern us most. In this environment, I see no substitute for peace through strength. Further, I believe that the prospects of influencing the Soviet Union toward a constructive posture in world affairs will depend inevitably upon our capability to negotiate from a position of strength, both today and over the long haul.

Beyond these strategic imperatives, the President's budget for FY 1987 has several other military qualities which I support:

-- It strongly emphasizes those capabilities essential to U.S. security while covering others which only we can provide as a superpower and as a partner in global security arrangements.

-- It continues to flesh out essential improvements in our strategic nuclear and conventional force structure, along with new initiatives in the high frontiers of technology and improvements in military compensation.

-- It maintains a carefully crafted balance between equipment modernization, personnel readiness, training and exercises, maintenance and supply, and sustainability.

-- It provides that growth necessary not only to continue improvements in our military posture but also to lead our allies toward a similar commitment of resources. And most importantly it sends a strong message of deterrence to our enemies.

This is not to say that this budget eliminates risk. Our challenges are many and our adversaries are large, powerful and dedicated. On a typical day, we have roughly 475,000 soldiers, sailors, airmen, and marines serving on or around the Eurasian Continent--essentially where our forward defense commitments abut or overlap the forward posture of Soviet armed forces. We count on these Americans and our allies to deter in a very high threat environment. We also recognize that they must be backed up by capable and ready forces in the U.S. for both deterrence and defense purposes. Yet, over thirty-five billion dollars has been removed from the FY 1986 budget from what we counted on just a year ago. This is negative real growth of about 6 percent. Decrements of this nature require significant changes and rebalancing. The price in defense is in stretching out and increasing the cost in modernization and in reaching sustainment goals. We will also give up more desirable levels of flying hours, combat vehicle mileage and steaming days. We are hitching up our britches and taking a greater risk. But this is as far as I advise we go. We need a balanced program that allows for some real growth in FY 1987. The President's budget does that.

Mr. **Chappell**. Admiral, thank you very much.

Mr. Secretary, thank you.

Now we come to the time I know you gentlemen have just been waiting with great anticipation for, and that is when the subcommittee has an opportunity to make some suggestions and even comments and ask a few questions of you. This afternoon, we are going to try our best to enforce a rule here, we'll go a little bit beyond the five-minute rule and give each Member seven minutes of opening questions.

We start with our Chairman of the full committee. Mr. Chairman, we want you to understand if you need additional time we will yield it to you.

Level of Defense Spending

Mr. **Whitten**. Thank you, Mr. Chairman. I appreciate that.

You know, I have had long experience with the military and with military appropriations, starting in 1943. I was on the Naval Appropriations Subcommittee and visited just about all the theaters during World War II at a time when we were all afraid we were going broke. I told the Secretary of the Navy and the Commandant of the Marine Corps this year that I was on the Appropriations Committee when the Budget Officer of the Marine Corps turned back some money. They indicated that that must have been a long time ago.

Nobody could be more proud of the military than I am, or stronger for defense—but defense consists of public support and a strong economy behind it. George Mahon and I were very close friends throughout the years. We worked closely together. In the latter months of his service when he told me he was going to retire, it was discussed that the job of Chairman of this subcommittee and Chairman of the full committee was just more than any one man could handle. I agreed with him.

Of course, I serve on all subcommittees now. I am giving you a little bit of the background, to help clarify what I am about to call your attention to.

I helped set up the investigation system for the Committee on Appropriations at the request of Mr. Cannon. Not only that, but in 1956 we had an investigation of military procurement policies and practices and Secretary of Defense Wilson was testifying before the Defense Subcommittee. He started defending the whole defense procurement matters with us. It is so big you can't say grace over it over the weekend. He came back the next week and said it made him sad and mad realizing he had such a bad record concerning procurrent matters with us. It is so big you can't say grace over it despite your efforts and our efforts to help you.

When I didn't believe we were getting the full story about the situation in Russia, I was briefed by the Director of Intelligence and went to Russia and travelled on the roads and travelled on the trains. I didn't meet with any top Russians; didn't want to. I wanted to see the people and the countryside. We went over and looked at what we wanted to. That was some years ago.

I was briefed by the intelligence organizations before I went and I reported back my observations when I returned.

I also required the Navy to use vacated Army facilities in World War II which saved billions of dollars.

Two years ago, at the invitation of the Secretary of the Army, I visited numerous NATO facilities and went down through Sicily. I have tried to go to our bases as often as possible and I am proud of them. When I go to these bases, I am proud of the men we see there. But it comes back to this, Mr. Secretary; when I listen to your presentations you refer to how much we cut our requests for military, but we actually cut the domestic programs more. The reason I am taking this time today is because we have got an overall budget situation which binds our Committee on Appropriations. And on top of that we have the Gramm-Rudman-Hollings deficit legislation to deal with.

Not only is military spending in competition with domestic programs, but it has reached the point where you can begin to see that many folks are very worried about the domestic situation.

As Chairman of the Appropriations Committee, I take on this added responsibility on defense, in addition to the one of still being charged with full committee matters. Keep in mind I have just called your attention to what you know but don't stress.

For the past five fiscal years, the military has received $1.2 trillion in budget authority, which is a 61 percent increase over fiscal year 1981. During the same period of time, unexpended balances continued to mount. In fiscal year 1981, this unexpended balance was $112.8 billion.

This balance will increase to $299.7 billion at the end of fiscal year 1987. You want to increase carryover funds unspent at the end of the year, which is equivalent to the national deficit.

Can you imagine in the Defense Department we have built up an unexpended balance of $300 billion over the years? I have the table here. You can clearly see a pattern. For years, you added $5 billion. After that, it is $10 billion. You got by with that so you add $20 billion. Now you have got the increase up to $30 billion which add to these unexpended balances.

And I say again that defense spending requires public support and a strong economy, and I look at the picture here and I have the responsibility, as Chairman of this Committee, of making the parts fit.

We are all part of the same committee, this subcommittee and the other subcommittees. I am Chairman of the full committee, and sit on all subcommittees, and I have a long background on this one.

I will say this: Mr. Addabbo did a great job, and I was always proud of his Chairmanship. And we are going to miss him because he did a good job of pointing out the other side in trying to keep some things in balance.

I know that the department has introduced reforms but weapons are still put into production before they are properly tested, which results in huge cost overruns. A new air defense system had to be cancelled because it could not perform to standards.

We read that DOD finances studies to help overcome congressional opposition to chemical weapons financing in violation of the law. You know of the case where a company took out an insurance policy guaranteeing against faulty supervision and faulty workmanship; and billed the government for the cost of the policy.

You take right now, our situation with Japan is such that we have a trade deficit of $49 million but we spend $1.6 billion each year in Japan to keep our troops there.

In West Germany, who we count on for so much, we spend $4.6 billion. I went to Germany on this trip with the Secretary of the Army. They talked to us and wanted us to maintain our troop levels there.

I read in the paper where France objected to us flying across French territory in the Libya raid. We had to move NATO headquarters to Belgium but Belgium wouldn't take NATO until we agreed to supply unemployment compensation in case we moved it.

I point out these things because whether we like it or not we are one country, and we are going to have to get together on this budget. I am very proud of the record of this committee. We have consistently kept most appropriation bills below the President's request, some $11 billion or $12 billion each year—but through entitlements and other things we have increased the debt.

I had someone ask me—think about this yourself—they said well, we have prosperity. I said, well, if you turn a trillion dollars in five years over to the public, you can have action; but you still owe the debt.

How in the world are we going to get by? In Vietnam I asked the Secretary of Defense, Mr. McNamara at that time, how do you expect to win, Mr. Secretary? He said by proving to them they can't win.

We spent 11 years in Vietnam and still didn't win. In Korea, we are still giving them our textile business, our shoe business, and our steel business. When we win, how long do we have to stay there and keep a country running?

We have to think about those things. The pattern of the growth in DoD unexpended balances is as follows:

In 1975, you had a carryover of $44 billion; in 1976, it was $51 billion; in 1977, $62 billion; in 1979, $84 billion. Finally, this year you go from $262 billion to $299 billion estimated at the end of FY 1987, an increase of $37 billion. That is a carryover of that fund.

I know from being here you can write the word "obligated" on funds one day and deobligate them the next day. Mr. Secretary, what is the eventual total cost of existing contracts? You can't give me the full information. We are entering into contracts without thinking about the domestic economy to support it.

Because when it is all said and done we have to match domestic needs.

Someone asked me what I thought about a balanced budget. I said you have to have that and we need to work toward that goal. But you better balance it high enough to take care of essentials.

I heard years ago that Ethiopia was the only country in the world with a balanced budget; didn't owe a dollar; didn't have one, either.

We have to keep the domestic economy going, to have a strong economy and to support the military. It is a key part of defense. We have to keep the general economy going so everything gets public support.

Why am I saying this? Because we have to look at defense and look behind it and see what backs it up. You know more about reserves than I do. But your reserve is the country you represent.

American agriculture is in the doldrums now because we have given our export markets to the competitors. In 1985 we had 120 banks fail. There will be others that will fail this year. We are giving money out of the treasury, but the acreage is gone.

This is serious. I want to repeat, nobody has as long a service supporting defense than I have. But somebody better look outside to see who is in front of you, and to see the back-up you have got.

I asked Mr. Chappell, as acting Chairman, to let me lay these things out before you. I hope you will give us the benefit of what you think about it and how you plan to meet the need for this back-up.

Thank you, Mr. Chairman.

LEVEL OF DEFENSE SPENDING

Mr. **Chappell**. Mr. Chairman, thank you very much.

Mr. Secretary, I think—and I won't belabor the point—I think all of us agree Americans want a sufficient defense, adequate defense. They want it without waste, fraud and abuse. That is a difficult problem always when we are dealing with budgets the size of this one.

As you know, the Department has received appropriations totaling $1.2 trillion for the last five fiscal years, 1981 through 1985 which amounts to an average annual increase of 12.2 percent for defense programs during these years.

The President's budget document for fiscal year 1987 indicates that the Department of Defense will be requesting Congress to approve additional funds totaling $1.8 trillion in the next five fiscal years, from 1987 to 1991, or an annual average amount of $360 billion.

Do you think we are to the point that we can afford to greatly increase the defense appropriations the next five fiscal years while maintaining deficits of hundreds of billions of dollars during those years?

Secretary **Weinberger**. I don't think it is necessary to increase them greatly. I think if we could have an agreement, which the Packard Commission and many others have recommended, first of all, on two-year budgets—and then a regular, steady increase in the neighborhood of 3 to 5 percent for each year, I believe we would be able to take care of the requirements that are forced upon us by the condition of the world.

They aren't requirements of our choice. We would infinitely rather come in with a smaller budget. However, when you look at what is happening around us, when you see that things are not getting any better but getting worse, then I think it is essential to realize that what we are requesting is prudent and no more than is necessary.

Specifically, it would be much better if we could have some kind of regular, steady increase instead of going up in the amount we should for two or three or four years, and then plunging down 6 percent below zero and having a lot of proposals this year that would take us even further below zero. That makes everything we need much more expensive; sends the wrong signals around, and all the rest.

A steady, regular increase now that we have regained much of our strength—somewhere in the neighborhood of 3 to 5 percent on an annual, regular basis—I think, would be fully within the capability of the United States to afford, and I think it would do the job unless we get some sudden changes in the situation that would throw out all calculations.

That is roughly what our prediction has been from the beginning. A lot of the President's program, as you will see from the first chart, has been very seriously reduced. Last year was a very major reduction. We do need to recover from that rather than add to that problem.

WASTE IN DEFENSE SPENDING

Mr. **Chappell**. Mr. Secretary, as you will recall, several years ago Mr. Stockman gained notoriety by being reported in the Atlantic Monthly concerning his belief that tens of billions of dollars were being wasted by the Pentagon. Subsequent revelations have borne out the existence of some overpricing, mismanagement, and even criminal fraud.

We hear a lot about the Defense Department purchasing a $37 screw, a $436 hammer, a $3,100 plastic stool cap, a $9,600 wrench and $8,000 coffee makers. We also hear that weapons systems have been put into production before they were properly tested, resulting in large costs for subsequent corrections of the production model. The DIVAD Air Defense System perhaps is a program in point.

You have done a lot toward overcoming waste and fraud and abuse, and you have put in place a good number of programs which we think have been producing good results.

What is your evaluation of this process? How much can we save in fraud and waste and abuse this year? How much have you saved since you came in by putting in place programs which were designed to get rid of it?

Secretary **Weinberger**. Mr. Chairman, we could get a precise evaluation of what the past has held and furnish it for the record. As you properly pointed out, these overpricing charges and stories have indeed been made. What is never really recognized is that they are based upon our own audits, audits I ordered as soon as I came into the Department, and the results of which came in the first couple of years.

What is also not appreciated is that we didn't pay those prices. Those were prices contractors attempted to charge. In the very few instances in which one or two of those prices were paid, they were later refunded even though the contracts we inherited were so bad we weren't entitled to a refund.

So, these stories keep circulating all the time. They are used by people who really do not want to support defense anyway and find this a convenient excuse.

The fact is, the Packard Commission, after its thorough review, reached the conclusion that nothing in their examination had led them to believe the Defense Department budget should be cut. We are all interested in doing things with more efficiency and with elimination of any possibility of waste.

Certainly, in any organization as large as ours, where we sign 52,000 contracts every single day, there are bound to be some problems. We tried to find them, and to take steps to correct them.

So, I don't think there are billions to be saved in cutting out waste, fraud, and abuse, or anything of that kind. I think we have saved a great deal by the audits we did, by refusing to pay inflated prices, by vastly improving our contracts, by increasing our competition from something like 30 to 70 percent of our contract actions. Those are all things that we have done and are continuing and will continue to make improvements in.

The budget does not have any line item that is labeled waste, fraud, or abuse. We have tried to cut out all of those things as we went along. What is before us is the amount that we think is essential.

Certainly, any savings that we can make, either through inflation reductions or reductions in the price of oil, or anything of that kind, we announce. We are delighted to have them. We returned almost $9 billion to the Treasury between FY 82 and 85 in savings that we were able to make. You don't read many stories about it, but that is the way we deal with any program that is too high.

It is impossible to estimate exactly 22 months ahead of time either what inflation will be or what actual costs will be. Most of the adjustments that are coming in now are downward, just as those 88 major programs were. That is minus 1 percent. It used to be 14 percent a year, just five years ago.

These are some of the things we are doing and are going to continue to do. We wouldn't stop for a moment.

You mentioned DIVAD. That was a program in which we found there had been a very large amount of money invested in an absolutely vital capability. The system was not going to produce that capability. So, reluctantly, we stopped it. We could have invested another $3 billion in it and hoped we would get that system on line.

That system wouldn't do the job. It is not an easy decision to recognize that, but I think it was the proper decision. It is unfortunate that not only did the system not meet its specifications as we tested it, but the Soviets improved theirs. So, for both reasons it was vital to stop that one, and we did.

[The information follows:]

The Department continues to assign high priority to improving the management of Defense programs and to curbing waste, fraud, and mismanagement. Our successes reflect the increased resources and attention being applied to internal management review, audit, inspection, and investigative functions. The following activities relate to this effort.

1. The Internal Management Control (IMC) Program encourages managers to scrutinize their organizations, and identify and correct weaknesses before they cause problems.

2. The Office of the Inspector General (IG) performs audits, establishes audit policy, reviews and oversees operations of DoD contract and internal audit organizations, and evaluates auditing accomplishments. In addition, the IG oversees and establishes policy for DoD criminal investigative organizations and conducts general inspections of DoD agencies worldwide.

3. The Defense Contract Audit Agency (DCAA) conducts worldwide contract audit activities and provides accounting and financial advisory services on contracts and subcontracts.

These programs have provided impressive results:

1. During FY 1983 and FY 1984, a total of 173 weaknesses were discovered through the IMC Program. Of those, 78 were corrected the same year they were discovered. As of the end of FY 1985, a total of 134 weaknesses (78 percent) had been corrected, while the majority of the remainder will be corrected in FY 1986. Examples of corrections include real property maintenance aircraft flight schedules, and foreign military sales; these corrections alone saved $8.5 million. In 1985, DoD Components expanded their efforts from IMC reviews to include findings resulting from internal and external audits, and management studies.

2. Audit efforts have resulted in significant and continuous improvements in DoD's operations. Our aggressive audit followup program has led to prompt resolution of disputed findings and completion of corrective actions. This program covers DoD internal audits, General Accounting Office (GAO) reports, DCAA reports, IG inspections, fraud prevention surveys, and oversight reviews.

3. We performed audits and investigations in areas most vulnerable to fraud, waste, and mismanagement. Specific results for FY 1985 are as follows:

Net savings from contract audits totaling $7.9 billion.

Savings of $1.6 billion from audit followup on DoD recommendations.

Recoveries of $92.9 million from DoD investigative activities along with $33 million in fines, penalties, and restitutions.

DoD internal audits identifying $2.6 billion in potential monetary benefits.

Mr. **Chappell**. Thank you very much. I will have other questions later.

Mr. **Chappell**. Mr. McDade.

Mr. **McDade**. Thank you, Mr. Chairman.

Mr. Secretary, welcome. I believe this is your sixth appearance in front of the committee.

Secretary **Weinberger**. It is.

Mr. **McDade**. All of us welcome you and extend our thanks for the tremendous job you are doing in this town.

I want to welcome, too, Admiral Crowe.

Admiral, how many years have you been in the Navy?

Admiral **Crowe**. Are you sure you want me to answer that?

Mr. **McDade**. I am right sure.

Admiral **Crowe**. About 44.

Mr. **McDade**. Forty-four years?

Admiral **Crowe**. All told, including my education.

Mr. **McDade**. There is really no way to say thank you for that tremendous service on behalf of the country. We are delighted that you are Chairman of the Joint Chiefs at a time when an awful lot of critical decisions will be coming before the country.

Admiral **Crowe**. Thank you, sir.

NUCLEAR TEST BAN MORATORIUM

Mr. **McDade**. Mr. Secretary—and I would like both you and the Admiral, in his capacity as Chairman of the Joint Chiefs, to comment on this, please: There are a lot of people in the country talking about the efficacy of a nuclear test ban so long as the Soviets were in a position where they would also agree to a moratorium. In fact, it may be that the House, during consideration of the supplemental appropriation bill, will vote on the question of whether or not we ought to go into a moratorium so long as the Soviets were to maintain one.

What would be the disadvantages? Why isn't that a good idea, Mr. Secretary?

Secretary WEINBERGER. I think it is a very bad idea. I certainly hope the House would not vote to impose a ban on us. In the first place, the Soviets increased very markedly and rapidly their testing in the months prior to the time they offered, with a great public relations fanfare, their proposal for a moratorium. In other words, they completed the test programs that they had in mind at that time.

In the second place, they are a great distance ahead of us in the number of modern programs that they have developed and deployed and tested.

In the third place, as long as we have to rely on offensive nuclear weapons, then we have to know they work. It is just as simple as that. You have to know that both with respect to weapons systems that have been deployed for a long time as well as the modernization that we are finally undertaking after a 10-year period in which we didn't do nearly enough.

So, for all those reasons, we do have to keep on testing; and I think it is very likely that the Soviet testing will resume in a very short time, which would remove any shred of an argument as to why we could stop.

If people want to stop testing nuclear weapons, then they ought to develop the Strategic Defense Initiative just as rapidly as we can. It has to be one or the other. Until we get a strategic defense, you need to have not only offensive nuclear deterrent, but the confidence that it will work.

Mr. McDADE. Admiral, may I hear from you?

Admiral CROWE. I have very little to add, Mr. Congressman. I would say that I agree with what the Secretary said.

I would also point out that nuclear effects testing is extremely important across the board, not only for weapon systems development, but also for many of the systems we use, including communications, aircraft, and other systems. There is no way for effects testing otherwise.

It is curious to me that we are criticized because we don't test enough for other systems. I heard it mentioned twice today. Here is an area where it is the most important weapon system we have—and people are criticizing because we test.

I think it is important to recognize that it is modernization of our entire strategic deterrent and we expect a great deal out of it. Look how long we have had B-52s and ballistic missiles; we have discovered defects time and again that we could not have discovered in the laboratory without actual nuclear testing.

Mr. McDADE. Mr. Secretary, would you be more specific and state what the relationship is between testing and readiness of our nuclear deterrent system?

Secretary WEINBERGER. It is the whole thing. It is not only to know the weapons will work when they are needed, but to assure that not only do we know we have an adequate deterrent but, what is much more important, the Soviets know that. The Soviets know perfectly well that you have to test these weapons regularly, because they do it all the time.

They also know that they are deploying systems that are far more modern than ours and have great accuracy and yield and ability to destroy hardened targets, and the rest of it. They know if we do not test, that the certainty of an effective retaliation—which is the essence of deterrence—is not there. So, in order to get any kind of a good result out of the negotiations that are going on, you have to know we have an effective deterrent. The only way to be sure is to test it.

We test on a selective basis, areas that don't cause damage, and we test because it is essential as long as we have to rely on those weapons.

Mr. McDADE. Mr. Secretary, can you give us the numbers on how many tests support our existing system of nuclear deterrence, and how many tests might occur in the development of proposed new systems?

Secretary WEINBERGER. We have a regular program that the Department of Energy conducts in accordance with schedules they worked out a long time ago. We will be glad to furnish that in detail to you.

[The information follows:]

Deterrence is the cornerstone of our defense policy. We continue to maintain sufficient capability to convince any potential aggressor that the cost of aggression would exceed any potential gains that might be achieved. This capability is our existing system of deterrence. Maintaining this system is a dynamic process. As the Soviet target base changes or as more of their primary assets become less vulnerable to our threat of destruction, we must make necessary changes to our stockpile to maintain the threat. For this perspective, most of our nuclear test program is related to maintaining our existing system of nuclear deterrence.

Our nuclear test program is organized into the following categories: confidence tests, weapon effects tests, weaponization test, advanced development tests and experimental tests. Each of these provides essential information to aid in maintaining our system of deterrence. ———. Several of these experiments were related to the creation of a new system of deterrence—one based on strategic defense.

Secretary WEINBERGER. It does require regular testing not only of the new ones we are developing that aren't deployed, but also of the systems that are deployed, to make sure not only that they are effective, but that if there are any defects or deterioration or any erosion of their capability, that it is known and dealt with.

Mr. McDADE. Are you suggesting that the preponderance of the tests are to maintain the readiness of our existing deterrent force?

Secretary WEINBERGER. That is certainly the case with respect to the deployed systems and the systems we are developing. It is an essential part of the development of any system that you test it.

As Admiral Crowe said, the tests done on conventional systems are usually criticized for being inadequate. What we have is what is required to make sure that not only as we develop a system, that that particular phase of development has been correctly done, but that we are ready to proceed to the next one.

Nobody likes these weapons. That is one of the reasons the President is so eager to have a Strategic Defense Initiative. At the moment, it is the only thing we have to keep the peace through deterrence. We have to know they work.

EFFECT OF MORATORIUM ON MIDGETMAN MISSILE

Mr. McDADE. Let me be specific about a new system. There is money in the budget, and we are talking about developing and deploying a mobile missile, the Midgetman. If there were a moratorium on nuclear testing, how would that affect the development of the Midgetman?

Secretary WEINBERGER. It would probably bring it pretty close to a halt effectively. While you could continue working on various phases of it, you wouldn't know whether or not you had completed successfully other phases that are needed.

The development of a new missile is a long and expensive process, particularly when you have a system that has as many different design requirements, many of them written into it by the Congress, as with that system. You have to know it is mobile; you have to know all the various components will work under all different kinds of field conditions; weather and everything else. If you don't test it, then you are building blind, so to speak, and you don't know what you have, even though you have completed one phase of it.

So, it simply means, and I suppose that is one of the reasons it has so much support, it is a good way of bringing to a halt our modernization program.

Mr. MCDADE. Your bottom line is, if you stop the testing, you couldn't put the Midgetman into production?

Secretary WEINBERGER. I don't see how you could. If we did, we would be subject to heavy criticism: Look, you spent this money developing this thing, and didn't test it. I am familiar with arguments of that kind.

SALT II TREATY

Mr. MCDADE. Let me shift to another area. The newest Trident sub will come on line soon, and the Administration will be confronted with a decision about the SALT II treaty. We know, at least I believe, that the Administration is now discussing whether to mothball some Poseidon submarines or to scrap them, effectively, to comply with the treaty. It clearly seems to be in our interests to abide by the treaty.

There has been some suggestion that perhaps the way to achieve compliance with the treaty is to take 22 Minuteman missiles out of storage rather than a submarine which has a great deal more protection and is far less vulnerable.

What is wrong with that suggestion?

Secretary WEINBERGER. Just about everything, if you permit me to say so. First of all, the Minuteman missiles are deployed and have had some testing. They do require continual testing, but they are there and ready. They are targeted on Soviet targets just as the Soviet missiles are targeted on ours. They provide a deterrent in being.

With the submarines, they are nearing the end of their life. They would, one way or the other, have to have work done on them if they are to continue to provide an effective deterrent.

I don't think it has been formally determined yet that continued adherence to the treaty is in our national interests. You are quite correct; that is one of the things that is being considered by the President right now. I have not heard anybody suggest in any seriousness that, instead of taking out the aging submarines if we adhere to the treaty, we tear up an existing missile system that is in being tested, working, and for all of its limitations—which is why we have to have the MX—still is a better deterrent than anything we have in the ground now.

Mr. McDade. Admiral, is the position of the Joint Chiefs that we ought not to take away the Minuteman but, rather, we ought to either drydock or scrap the subs? Is that the position that the JCS takes, as well?

Admiral Crowe. If we abide by the treaty, yes sir. We have looked at that option very carefully, Mr. Congressman. Of course, the way the Joint Chiefs of Staff look at it, is as a whole. We are looking for those weapons that help us in the areas where we are deficient. That is where we want to put our emphasis.

The proposal to keep Poseidon vis-a-vis those would not help at all; in fact, it would be a bum tradeoff.

Mr. McDade. Thank you, Mr. Chairman.

Mr. Chappell. Mr. Murtha?

IMPACT ON DEFENSE SPENDING OF GRAMM-RUDMAN-HOLLINGS

Mr. Murtha. Mr. Secretary, every year you have come up here, I have advocated that we really have to raise taxes or Defense was going to be cut. Of course, I had the opportunity to hear your response the first two or three years.

I agree with your threat assessment that you just laid out for us, but the majority of the Democrats and the majority of the Republicans voted for Gramm-Rudman-Hollings. I didn't vote for it. I know you don't support it. But, at any rate, the legislation passed. And unless the courts overturn it, we have to live with it.

What I have seen out in the field, when I flew to the Philippines on the observation team, was the first thing being cut was flying hours. The Air Force had their best safety record in years. One of the reasons they attribute to having such success was the fact that they are more proficient because we increased the number of flying hours so they could do better.

This committee has been in the forefront in that regard. I noticed today on my desk some of the investigation of the Air Arrow charter crash. One of the possibilities of the crash is it was overweight. Another reason cited was they didn't de-ice the airplane because it cost $3,500. That may be pure speculation at this point, but the fact is they were cutting dollars, because they were under the gun, under the competitive system, and we risked a lot of lives.

In this case, we lost a lot of servicemen because they didn't want to de-ice. I don't say that is the major reason, but that was one of the reasons they gave as a possibility.

The other day, the Navy was before the committee. They were talking about how they are going to cut back the steaming hours. I said, how is Gramm-Rudman-Hollings going to affect the Navy?

Here is what they proposed to do. They are going to be manipulating these steaming hours. There is no way you can manipulate steaming hours when you have two or three fleets in the Mediterranean where we are constantly—with these worldwide commitments that we have, and the threat is no different than it was before; we just have the armed services to the point where they should be. I am convinced that if the Defense Department doesn't start talking about the need for taxes—and I know how difficult that is in the Administration that has so far resisted an increase in tax—but I think it is absolutely essential that when you, this year, where this budget is being balanced—when I say "balanced," the whole thing is being worked out between the House and the Senate and the White House—that the Defense Department be in there trying to explain why it is necessary to increase taxes.

DEFENSE SPENDING AND TAXES

The domestic programs aren't going to be cut any more. I am convinced that they are to that position because of what the American public thinks, that there is not going to be any decrease in domestic programs. Defense is either going to suffer or we are going to have an increase in taxes.

What would it mean to us if Gramm-Rudman-Hollings were to be carried out in October to the extent—say, we missed the deadline and we have an 18 percent cut in the overall budget. What would happen to the defense of this country, in your estimation?

Secretary WEINBERGER. Mr. Murtha, you put your finger right on it. The real problem is, we don't have any options or any priorities that we can set.

I agree with you completely about reducing flying hours and steaming time. However, if Gramm-Rudman comes into effect, there are no exemptions. We can't even exempt personnel.

The first thing that happens is a very large number of military people would have to be released from the armed forces. If anybody thinks that will help the economy, let alone the national security, I think they are making a serious mistake.

You don't have to have Gramm-Rudman come in. If the President's budget is adopted, you can have an adequate amount for defense. You don't need to have a tax increase.

With a tax increase, one of my problems is, in addition to all the others, that I haven't seen anybody suggest that any tax increase go to defense. I think it would go to a great deal more ineffective domestic programs.

The way to solve the problem, if you will permit me to make a recommendation, is to adopt the President's budget in which we could get——

Mr. MURTHA. I don't mean to be rude, Mr. Secretary. We aren't going to adopt it. The Senate didn't adopt it. You couldn't even find anybody in the House to introduce it.

What we have to do is face reality.

Secretary WEINBERGER. I understand there is some doubt about it's being adopted.

Mr. MURTHA. We have to find a way to have that steady increase in defense that you were talking about, and not go back to the same thing we had 10 or 15 years ago where one year you had an increase and the next year a decrease. Nobody could plan.

We have done a lot of good in the last four or five years. We have ammunition up to the point where we have a few days of readiness. We have spare parts. We have airplanes that can fly today. We have ships that can steam. We have more ships in the water.

What I am saying is, from a practical standpoint, we are not going to cut the domestic budget any more. I hope the Defense Department will be realistic about it.

If you go on saying what would happen under Gramm-Rudman-Hollings, which would help us in the record and help us maybe get some kind of compromise with the White House——

Secretary **WEINBERGER**. You see, there are no priorities permitted under Gramm-Rudman at all. It is an absolute, across-the-board thing. That was not part of the original proposal. That was added in the Senate. It is a proposal which destroys any opportunity for anybody to select what is important and what isn't.

If Gramm-Rudman comes into effect, everything has to go down—personnel accounts, readiness, steaming time, ammunition, spare parts, research, development, everything we have. We have over 4,000 accounts and everything has to come down by whatever percentage is imposed.

So, I agree with you.

On the tax thing, however, I do call your attention, Mr. Murtha, to the fact that during the Seventies when taxes were far higher than they are now, defense went down 20 percent. That, I think, is the inevitable result.

I don't think revenue is the answer. I think more revenue like that can hurt the economy.

Mr. **MURTHA**. Let me put the question this way: If we raise taxes, and make sure we are stipulating them for defense. Go one step farther, it would be disastrous to defense to make the cuts under Gramm-Rudman-Hollings? You said this; all of us have said that?

Secretary **WEINBERGER**. No question about it.

Mr. **MURTHA**. If we can't come to some conclusion, if the President's budget is not going to be adopted, obviously we are going to have to raise taxes in order to fund defense.

Secretary **WEINBERGER**. Technically, your question of what happens if the President's budget isn't adopted is a hypothetical question. Therefore, it enables me to say I never answer hypothetical questions.

There is no doubt that we will seriously injure defense and the nation's security if we have another cut of the kind we had in the current fiscal year. I say in all seriousness, if nobody wants to believe it, that is their privilege; but I have had the opportunity and the honor of presiding over these responsibilities now for close to 5½ years and there is simply no way that you can absorb cuts of this kind.

We had a lot of talk about unobligated balances. Unobligated balances simply reflect the good wisdom of the Congress to fully fund programs. If you take away those unobligated balances, then you simply cannot buy the 1,100 planes, 55 ships, 147,000 missiles, all the other things that have been authorized and ordered, but which we would not be able to pay. So, that is not the answer.

I think what we have to do is simply ask ourselves how much of a risk we want to put the country to. The more you cut defense and security, the more you have negative growth the way you did this year, the more risk you are putting us to, the more impossible you are making it to get a negotiated arms reduction.

Mr. **MURTHA**. Thank you.

Mr. **Chappell**. Mr. Secretary, let me just add my thoughts to what Mr. Murtha said.

Given the real world today, we simply, in my view, are not going to pass the President's budget as it is. That being so, it seemed to me that we are going to run into a real disaster if we don't get the President to change his position with reference to taxes. That is the real world.

I think this tremendously concerns every Member of this committee, and I think every Member of Congress. None of us want to increase taxes any more than the President does. But if he holds to the position he is holding to at this point, at the level of funding for defense that he is requesting, it seems to me we are heading for a real chaotic situation.

You just outlined many of those chaotic results. I hope we can, in the spirit of reality, start getting to know where we are with reference to defense as well as our domestic programs, so we will not let Gramm-Rudman-Hollings trigger.

Secretary **Weinberger**. As you know, Mr. Chairman, he doesn't see any reason why domestic programs that have proven inefficient cannot be cut to accommodate the priorities that he assigns. I understand there is a broad dichotomy here.

Mr. **Chappell**. The problem, Mr. Secretary, is when you get to the point where you can't do any more, where the real world sees we simply are not going to cut any more in domestic programs, and you trigger Gramm-Rudman-Hollings, the defense of this nation, as well as many of the domestic programs, are going to suffer tremendously.

Secretary **Weinberger**. They already have.

Mr. **Chappell**. They already have.

It seems to me somewhere we have to find that position of reality and do something about it. Otherwise, we are going to have a chaotic situation with the triggering of Gramm-Rudman-Hollings again.

Mr. Dicks.

SALT II TREATY CEILINGS

Mr. **Dicks**. Mr. Secretary, I am deeply disturbed by recent press reports indicating the Administration has decided, or is in the process of deciding, not to remain compliant with the numerical ceilings included in the SALT II treaty by dismantling forces when the next Trident submarine enters the force.

Has a final decision been made by the President on this issue?

Secretary **Weinberger**. Not to my knowledge.

I don't know why you are so disturbed about reports of this kind, Mr. Dicks. They are reports that surface all the time.

On the other hand, if they do turn out to be true, again I don't know why you are so disturbed.

Mr. **Dicks**. Admiral Crowe, as Chairman of the Joint Chiefs, has the Joint Chiefs taken a position on whether the United States should maintain the ballistic missile limits under the SALT II agreement and made a recommendation to the President?

Admiral **Crowe**. We have given our advice to the President on the general subject.

Mr. **Dicks**. Would you tell us what that advice was?

Admiral **Crowe**. I would not like to discuss that, Mr. Dicks. I don't discuss what I tell the President.

Secretary **Weinberger**. That is a standard rule, Mr. Dicks. We never tell what advice we give the President.

Mr. **Dicks**. What is your personal and professional opinion about what we should do, Admiral Crowe, in regard to maintaining the SALT II limits?

Admiral **Crowe**. I think it is pretty clear that SALT II has not been approved by the Congress.

Mr. **Dicks**. This Administration has taken a position ever since it came to office that it would not undercut the SALT II agreements. That has been the position of the Reagan Administration since it took office.

Admiral **Crowe**. You also have to take into account, sir, the Soviet violations. I think it is clear the Soviets have consistently and steadily violated in significant ways the SALT II treaty. I take some offense at that. I find it very difficult for the United States to continue to abide by it when the partner to the contract does not.

Mr. **Dicks**. Since 1973, have the Soviets retired 14 Yankee class submarines in order to remain within the numerical limits set under SALT II, Admiral Crowe?

Admiral **Crowe**. I don't know the exact number. I can get it for you, Congressman. They have a steady stream. They have converted them.

[**Clerk's note**.—Classified insert removed.]

Mr. **Dicks**. They have been retiring their submarines?

Admiral **Crowe**. Not necessarily retiring.

Mr. **Dicks**. Dismantling them according to the procedures under SALT II?

Admiral **Crowe**. They have been dismantling, but turning them into attack submarines.

Mr. **Dicks**. That is something we could consider?

Admiral **Crowe**. That is in accordance with the agreement.

Mr. **Dicks**. Has the USSR dismantled ICBMs during this period?

Admiral **Crowe**. They have put some ICBM's out of commission. I don't have the figures at my fingertips.

Mr. **Dicks**. They have dismantled a certain number?

Up to this date, what has the United States dismantled to remain in compliance with these limits?

Admiral **Crowe**. The type of missiles, et cetera?

Mr. **Dicks**. What have we done to stay under the 1,200 limit on MIRVed ICBMs and SLBMs?

Admiral **Crowe**. Remember they were quite a bit ahead of us, but we have put some Poseidon submarines out.

Mr. **Dicks**. As I understand it, up to this point we have taken out one submarine?

Admiral **Crowe**. I thought it was two. I will be glad to confirm or disaffirm.

[The information follows:]

One POSEIDON SSBN began dismantlement in September 1985 to compensate for the deployment of the seventh TRIDENT SSBN.

Mr. DICKS. According to analysis done by the Congressional Research Service, between now and 1994, in order to remain in compliance with SALT ceilings, the Soviets will have to retire 710 ICBMs compared to our 259; 444 SLBMs to our 312; and 145 bombers, to our 133.

Do you believe that such rates of reduction would be counter to U.S. interests?

Admiral CROWE. No. I am not sure they will do it, though. The historic record doesn't necessarily show they will abide by it.

Secretary WEINBERGER. May I have a word here?

What the Soviets are required to do, some of which they do and a lot of which they don't, is take out older systems that have been replaced. It isn't the numbers. That is one of the fundamental flaws of SALT II. It deals only with raw numbers. It doesn't deal with the efficiency, the modernity, the accuracy or the yield of these systems.

So, what the Soviets are doing is what they do anyway. That is why they signed the treaty in the first place. They are taking out older systems as they replace them with modern, capable, effective systems.

Mr. DICKS. That is what we are talking about.

Secretary WEINBERGER. It is what we need to be free to do, because we haven't done that modernization, we would be required to make a great deal heavier sacrifice under the treaty.

Mr. DICKS. You can expand for the record, Mr. Secretary.

[The information follows:]

The CRS study was published in October 1984 and, consequently, the U.S. and Soviet force numbers it relies upon are somewhat dated. The CRS numbers are sufficiently accurate, however, to illustrate the disproportionate and potentially adverse impact that future SALT dismantlements could have on U.S. interests.

The following charts reflect data from the CRS study but delete missile upgrades incorrectly included by the author of this question in his dismantlement totals. Specifically, the substitution of 100 U.S. Peacekeeper ICBMs for 100 Minuteman IIIs and of 240 Soviet SS-N-23 SLBMs for 240 SS-N-18s does not constitute dismantlement because the launcher itself (whether missile silo or submarine tube) has not been retired. Such missile swaps are discretionary providing they comply with the SALT II new missile type provisions.

CRS PROJECTIONS OF SOVIET MISSILE DISMANTLEMENTS

	Launchers	RV's
SS-11	520	520
SS-13	40	40
SS-17	150	600
SS-N-5	6	6
SS-N-6	192	192
SS-N-8	6	6
Total	914	1,364

CRS PROJECTIONS OF U.S. MISSILE DISMANTLEMENTS

	Launchers	RV's
Titan II	29	29
Minuteman II	130	130
Poseidon C-3	240	2,400

CRS PROJECTIONS OF U.S. MISSILE DISMANTLEMENTS—Continued

	Launchers	RV's
Trident I C-4	72	576
Total	471	3,135

As these charts indicate, although the Soviets will be required to dismantle 914 missile launchers by 1994 as compared to only 471 for the U.S., *the United States will be dismantling more than twice as many ballistic missile warheads (3,135 for the U.S. vice 1,364 for the Soviet Union).* Thus, continued adherence to SALT restrictions will impose greater sacrifices on the United States than it will on the Soviet Union. Furthermore, most U.S. dismantlements will involve MIRVed missiles and ALCM bombers, while the Soviets will have to retire only their oldest and least capable forces.

Mr. DICKS. How many warm ICBM production lines do the Soviets have today?

Secretary WEINBERGER. I will have to get it exactly, but first of all, they have completed the SS-18 and they are in violation of the treaty by putting in the 25s.

[The information follows:]

The following ICBM systems are currently in production in the Soviet Union: SS-25 (series production); SS-X-24 (R&D production); SS-18 follow-on (R&D production).

Mr. DICKS. And the SS-19?

Secretary WEINBERGER. And the 19s.

They have additional lines open, or will very shortly. They are doing the research and development and testing of a lot of new missiles. They have something like seven new systems that they have developed, some of which they have deployed while we have been debating the MX.

Mr. DICKS. We have one missile line open, just the MX?

Secretary WEINPERGER. That is all. That will close shortly because the Congress has limited us to 50 instead of the 100 that we need.

PROPORTIONAL RESPONSE

Mr. DICKS. The Administration, quite properly, has mentioned three areas of general concern in terms of arms control violations: the encryption of telemetry, the radar at Krasnoyarsk, and the second new missile type.

Isn't that correct?

Secretary WEINBERGER. That is the second one they have deployed. They are also working on others, each one of which may constitute a violation.

Mr. DICKS. There have been some who suggested proportional responses should be made in those areas, and we ought to try to maintain the limit on MIRVed systems which they have apparently up to this point, observed because that is in our interests not to have them break out. We could proportionally respond by building Pen-Aids to make sure we can overcome any radar; and secondly, that we could go ahead and deploy the Midgetman, which would be a proportional response to their deployment of the SS-25. We could take steps along those lines which would be constructive and in line with the kinds of violations that the Soviets have made; and we could also encrypt the telemetry—from our missile tests so the Soviet intelligence couldn't be gathered.

Those would be three proportional responses that wouldn't breach this limit. I think the position has been of the Joint Chiefs in the past is that they have supported the SALT II limits because they read the handwriting on the wall.

With Gramm-Rudman-Hollings, we are not going to be necessarily in a position to respond if the Soviets add a large number of SLBMs and ICBMs. That is why many of us in the Congress would like to see us continue to follow the restraint that the President followed last year when the first submarine was dismantled, to maintain those limits, and strongly call on the Soviets to do the same thing: At the same time, we should go at them in the SCC, the Standing Consultative Commission, on any violations that are outstanding on the issues that you seem to be concerned about, which I am concerned about as well.

What is wrong with that approach?

Secretary **Weinberger**. The first thing wrong with it is the last point, because the SCC has never done anything, nor can it do anything, about changing a Soviet violation. When they want to violate something, they violate it.

The reason they signed an agreement like SALT II is it allows them to expand, not reduce, in the way they previously decided they wanted to expand.

Also, again the modernization is the critical fact here. None of those limits address modernization. Those are just raw numbers. They aren't numbers that say whether is it a 1985 missile or a 1971 missile. That is the important thing to bear in mind.

What you have suggested is three violations——

Mr. **Dicks**. Mr. Secretary, two corrections.

Secretary **Weinberger**. Would it be possible for me to finish?

What I was going to say is what you suggested is three violations of SALT II. They happen to be ones that you don't think are too important.

Mr. **Dicks**. I think they are very important.

Secretary **Weinberger**. Are proportionate or appropriate, and so on.

Pretty soon, you begin to ask yourself, is there any real reason to go through all of these artificial, intellectual gymnastics to try to stay within the expired treaty that we never supported and was never authorized and never ratified by the Congress?

What we do need is a policy of restraint, both a policy of restraint that is based on the realities of the situation, and then on top of that there is a policy of restraint that is involuntarily imposed on us not by the Soviets, but by all the budget cuts we have been talking about. These things can hurt us.

We need to have some kind of policy, a plan, that is developed in accordance with our security needs, not in accordance with a flawed treaty signed several years ago, but never enacted, that has now expired.

Mr. **Dicks**. I would point out for the record the submarines they have taken out are newer than the submarines that we are taking out of the inventory today, and that the SCC has a whole series—and I really encourage you to go back and study the record—of corrections that have been made where we have raised serious violations in the past.

Nobody is satisfied with the situation on the radar. No one likes the encryption of telemetry. I may agree with you on the second missile violation. But I think there are an intelligent variety of proportional responses that we can make that will not leave us in a more militarily inferior position; and allowing breakout, I think, leaves us in exactly that position.

Mr. CHAPPELL. Mr. Miller.

TREATY VERIFICATION

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Secretary, Admiral Crowe, we are very happy that you are here, and we are happy that you would take the time to come in and defend the budget.

I have a follow-up question about treaties, namely, what type of inspection can we have in the Soviet Union? I know we did not have inspection in the past. Is there any possibility that if we do sign a treaty, that we would know that it is being adhered to by the Soviets, any kind of inspection?

Secretary WEINBERGER. Mr. Miller, that is an excellent question.

First of all, I think the answer is thus far no. Let me give you an example that bears that out.

The Soviets, with a great public relations fanfare, which was accepted in many parts of the world as a significant breakthrough, talked about the possibilities of allowing on-site inspection in connection with both chemical as well as balanced force reduction proposals. When we pressed for details, it turned out the on-site inspection was to be allowed in each instance on the specific consent of the country concerned. So what they were doing was saying we will have on-site inspection, but we will only have it when we tell you we can have it.

That is exactly what we have now; in other words, nothing.

With their record of violations in the past, there is no way that I think we can or should accept any of these treaty reduction agreements, no matter how much we want them, without some kind of assurance that they will be kept, unlike so many of the past ones.

Mr. MILLER. I am with you. We are all for peace. Everybody is for peace. But if we sign the agreements and then have no way of knowing that they are being kept by the Soviets, and we abide by the agreements on our side, and are made more vulnerable by doing so, it is hard to see how that would promote deterrence, stability and peace. So, until we can find or have the on-site inspection, it seems to me that the agreements are not worth the paper they are written on.

If we can work that out with the Soviets, as a basic matter, we feel that this is crucial, that we have the on-site inspection. We know about the satellite inspection. But we still cannot substitute on-site location inspection for anything else.

Secretary WEINBERGER. I agree with that.

TYPES OF CONTRACTS

Mr. **MILLER**. If I may change the subject, you say that you sign 52,000 contracts every single day. That sounds a little high. I did a little multiplication here and I find if you are working five days a week, that works out to 13½ million contracts. You divide that into the budget, and we find that each contract would only be for about $19,000. That may buy one tire on a large unit. So I am wondering about what kind of contracts these are and whether there is a mistake in the number of contracts that are signed every single day.

Secretary **WEINBERGER**. For FY 85 we had 14.7 million contractual actions Mr. Miller. Contracts do vary in amounts, as you correctly pointed out. A single action can be for billions of dollars; others can be for a comparatively small amount.

I mentioned it only to indicate the volume of activity in any institution as large as ours, and the importance, therefore, not of using that to excuse anything, but to indicate the increased vigilance with which we approach the entire process.

SOVIET MILITARY SPENDING

Mr. **MILLER**. In another area, Mr. Secretary, in order for you to judge the Soviet military threat, to judge what levels of defense funding are needed by the United States to counter this threat, I assume you need to have some fairly accurate estimates of Soviet military spending. I will have to admit, when I asked our various intelligence groups and organizations what the annual level of Soviet military spending is, I am not awfully confident that the figures I receive can be compared to our defense effort on a comparable basis.

What estimates of Soviet annual defense spending do you use to determine what level of funding you need for defense each fiscal year?

Secretary **WEINBERGER**. It is a very difficult problem, Mr. Miller, as you pointed out. We don't use the estimates of Soviet spending as much as we do their output. We showed on some of these on the previous charts, which clearly showed them way ahead; 3,000 tanks a year as opposed to our 700 or 800 tanks a year, things in that magnitude.

There are a lot of difficulties in trying to estimate the actual Soviet spending. It is a big academic exercise. Their official report shows that they put 27 billion rubles a year in their budget. Through a remarkable feat of executive management, they have been able to hold it exactly level at that 27 billion figure for about 10 years now.

The problem is that they hide it. They put it in different baskets and buckets all over the Soviet Union. It is again a system in which the labor costs are extremely low; and, as a result, our intelligence community has gone through some very difficult academic exercises in which they try to convert what it would cost us and what it would cost the Soviet Union in relative dollars and rubles to buy what each side has. At the end of all that, the principal result is confusion.

Generally, we look at output. What are they getting? What are they adding? How many new missile systems? How many new ships? How many attack aircraft? How many tanks? How much manpower?

What, in effect, does that do to us even with our higher technology? Particularly, what does it do to us when they steal or acquire our technology and improve the quality of their fighter planes, or their submarines, and so on, which they are doing all the time? We try to construct our budget to meet that kind of threat.

I think we are lost in a hopeless academic morass if we try to figure out precisely what they are spending. In their kind of society, they can always hide it. The critical question is, what are they getting for it? To the greatest extent that we can, we find that out and report it to you.

Mr. **Miller**. Mr. Chairman, I have just one more question, if I may.

Mr. **Chappell**. Certainly.

TECHNOLOGY TRANSFER

Mr. **Miller**. You both mentioned the fact that the Soviets have stolen a lot of our technology.

Secretary **Weinberger**. Yes.

Mr. **Miller**. We are well aware of that. The wave of spy cases that we have had in recent years makes it clear we are very vulnerable in the area of secrets. Yet, our strategy continues to depend on overcoming Soviet numerical advantages with our high tech superiority.

Do we have a situation in which we are spending all the R&D money to develop the advanced weaponry and then the Soviets steal this and they have their numbers plus our technology? Are we heading in the right direction by trying to stay ahead with high technology?

Secretary **Weinberger**. Oh, I think we are going in the right direction, but we do have difficulties. They are aware of it and are attempting to narrow the lead we have which is the only lead we have. The reason we have to do that is we could not possibly secure the appropriations necessary to try to keep our deterrent in any other way.

High technology pays off, Mr. Miller. Those are very high technology weapons that were used last week. They were extremely effective.

It is a way of multiplying the forces. It does require research and development expenses, and initially the cost is high. In the long run though it is a better way to multiply the effectiveness of the forces than it would be to simply add more and more manpower.

I think Admiral Crowe was very well able to testify to the vastly increased effectiveness of current cruisers with crews of possibly a third or less than that of what we needed in World War II.

Mr. **Miller**. Thank you, Mr. Chairman.

Mr. **Chappell**. Mr. Hefner.

BUDGET RESOLUTION

Mr. **Hefner**. Thank you, Mr. Chairman.

Even as we meet here today, some of the Members from the Budget Committee, which I sit on, are meeting with the Senate to talk about trying to reach some kind of talking points on the budget. I am sure you are aware the Senate has set a level of about $295 billion; and that is assuming that they get $18 billion of revenue in their budget. The President has, as we understand, turned thumbs down on any kind of revenue.

We all realize it does very little to talk about what the Soviets are doing, how much they are spending. We are in a situation where we do not enjoy the support at the grassroots level for a tremendous increase in defense, given the cuts that have been made on the domestic side and the tremendous deficits.

We are going to have reductions in the defense request unless we can reach some kind of agreement with the Administration, with the Senate, with the House to get to numbers without triggering Gramm-Rudman-Hollings. Are you going to construct a priority list, or a proposed reduction plan for fiscal year 1987, given we are not going to get the numbers you referred to in the President's budget? Is this not something that is even worthy of discussion?

Are you going to come up with a revised plan for 1987?

Secretary **Weinberger**. Mr. Hefner, we think it is worthy of discussion. We think it is the proper way to go. We certainly feel, as the President has pointed out publicly, that the——

Mr. **Hefner**. Mr. Secretary, if you will yield to me. We have fought this for the last four budgets. Your request is not viable when it only got 12 votes in the House. It is not even a document that is worthy of discussion.

Both Democrats and Republicans, from all sections of the country have disavowed this budget. You have support from 12 people out of 435 Members on the House side, and virtually no support on the Senate side.

That is the real world. That is where we are. It isn't going to happen.

Secretary **Weinberger**. Mr. Hefner, I do think I have a responsibility to tell you what we believe the needs are, whether that is real or unreal. It is essential that somebody do that, I think. I don't know of anybody else who has the full responsibility to do it, other than those of us who are charged with that responsibility temporarily to do it.

The Senate budget that was reported that you referred to, the President has publicly and correctly called totally inadequate and wrong in every respect. It cuts defense. It adds taxes. It adds to domestic spending. That is not anything we think should be seriously considered, either.

I have no authority to present to you anything other than the President's budget, because he and I and the Department are in agreement that that is what is required, particularly after the reduction that occurred in the current fiscal year.

We will, obviously, do whatever the Congress tells us to do. We will do it at the appropriate time, but it would certainly, I think, be ill-serving the public if I told you we needed a lot less than we honestly think we do. I assume you want our honest opinion. That is why we are here today giving you the original figures the President submitted.

I can assure you not only has nothing happened to reduce the justification for those figures since January, but a great deal has happened to increase it. Just for one thing, the fleet is steaming now at operating tempos that are far ahead of what was budgeted. We have five carrier battle groups deployed instead of four. That is because the situation in the world hasn't improved. It is because it has gotten worse. That adds a great deal of cost.

So all I can tell you, sir, now, is that what the President requested is what we honestly think is essential. I am sorry that everybody says that they can't consider it. That becomes a self-fulfilling prophesy if nobody can consider it.

If we are told to spend less, as we have been in previous years, we will obviously spend less. We can't do anything that the Congress doesn't approve. I have no authority today to tell you anything other than the requirements of the Department as we see it.

Mr. **Hefner**. Mr. Secretary, are you going to put together some priorities, or are you going to leave it to this committee and the authorizing committee to set the priorities?

Now, it would seem to me that Admiral Crowe, General Gabriel, Admiral Watkins, and all these people who would know what the priorities are in a much better position than myself or the Chairman or any Members of this committee to set the priorities. Somewhere down the line, sir, you have to set some priorities of what you absolutely have to have to defend this country, because the funds are going to be limited. That is the real world.

Do you intend to set some priorities for this committee?

Secretary **Weinberger**. I would certainly intend to set them for the President, Mr. Hefner, and I would certainly intend to go along and present to the committees at an appropriate time any changes that he felt should be made in his budget. We are fully prepared to do that. We have done it in the past, and we can certainly do it again.

What I am suggesting to you is that it is, I think, not only unrealistic, but not quite in keeping with the way in which we run the government to expect me to give you a lot of priorities or changes in the budget which, after all, is the President's budget, without any action by him. I told you I have no authority to do that, and I certainly have none.

The authority that I have is to present to you the amounts that we think the world situation requires. We are doing that, and we would continue to do that. If the Congress doesn't agree with that and wants to take a higher risk and all the rest, then obviously we would comply.

You said, would we go along with it—we have no choice. But at this point, I don't have any authority to outline for you anything less than the amounts that we feel are essential and that is represented in the President's budget. If the time comes that we have to do it and the President directs that we do it, of course we will do it.

Mr. **Hefner**. Well, Mr. Secretary, I know that you don't dictate to the President of the United States. But the time is here. The President's budget is no longer viable. It has been discredited. We are at an impasse. We can't even talk about a budget. We are past the deadline.

Sooner or later, somebody is going to have to take the initiative; and if this committee takes the initiative and set priorities, we could make mistakes. It would seem to me that the Joint Chiefs—

we don't ask you to divulge what the Joint Chiefs say to the Administration—but it would seem to me somewhere in the Rose Garden or someplace you would get together and talk about some priorities where you can begin to compromise so we can get on with the business at hand.

Secretary **Weinberger**. One of the reasons the President is reluctant to do that is, he has done that for two years running, and he has worked out agreements with the leadership of the Congress which they have violated. The President, in the Rose Garden, agreed on an amount, and that was not appropriated or authorized. This time last year, he said that he would accept a zero growth, and he didn't want to do that. He was very reluctant. He went along, however, in the spirit of trying to go along with the Congress, and he accepted zero real growth.

What did he get? Minus six.

He also accepted a proposal by the Congress to give him plus three and plus three, and when he submits a budget that is plus three over zero, you say that it is discredited and nobody can talk about it.

So, the President is understandably a little wary of making concessions and compromises because when he does, that just sets a new ceiling from which everybody then continues to make deep cuts. So, I don't blame the President for having a very substantial wariness of these compromises. They are not kept, and that is his point.

Mr. **Hefner**. Mr. Secretary, I didn't say it was discredited. The Members of Congress and the Members of the Senate, they spoke, and that is the way we operate. We vote. We vote, and we go through the democratic process. And now we are through that. We are ready to get on with the business on the Budget Committee. We are ready to get on with the business in the authorizing committee. But we have no direction.

It seems sooner or later you are going to have to set some priorities for us.

I thank you, sir.

Mr. **Chappell**. The time of the gentleman has expired.

Mr. AuCoin.

U.S./U.S.S.R. WARHEADS

Mr. **AuCoin**. Mr. Secretary, during what you call the decade of neglect, can you tell the committee how many warheads the United States deployed and how many warheads the Soviet Union deployed?

Secretary **Weinberger**. I can get it for you. The problem, again, is a question of modernization. We modernized the Minuteman II into the Minuteman III for some of our missiles.

Mr. **AuCoin**. Excuse me. Just tell us which side deployed most.

Secretary **Weinberger**. In the Seventies—I will have to get it for you.

[Clerk's note.—Classified insert removed.]

Secretary **Weinberger**. What the Soviets did was the design, research and development that enabled them to deploy a great many more than we are now. The measuring appeared by an artificial boundary, and asking what anybody deployed in that period isn't the question.

The question is, what did they get ready to deploy, and what have they now deployed?

Mr. **AuCoin**. Well, it is your term, the "decade of neglect." It is one that you are fond of using.

Secretary **Weinberger**. That went down 20 percent in real investment.

Mr. **AuCoin**. I am not asking you a question right now, Mr. Secretary. I took the time to investigate the number of warheads deployed during the period you call the decade of neglect, and found the following things: The U.S. deployed some 6,000 warheads during the years 1970 to 1979; and the Soviet Union, 4,162.

I find that fascinating inasmuch as the, quote, unquote, "decade of neglect" is what is driving all of these massive budgets.

Secretary **Weinberger**. I find it distressing that the warhead raw count is viewed as the all-critical, important thing, as opposed to what we are talking about which is effectiveness of systems.

Mr. **AuCoin**. When you consider each one of these warheads—even the smallest is about three times the killing magnitude of the bomb we dropped on Hiroshima—I think those are pretty startling numbers.

Secretary **Weinberger**. Deterrence is a matter of accuracy and yield, ability to destroy hardened targets, and many other things besides a raw warhead count.

STRATEGIC DEFENSE INITIATIVE

Mr. **AuCoin**. I want to ask you a question about SDI, as well, and to make a couple of comparisons between statements, as well.

Here is a statement by President Reagan from last November 11. These are his words. "If someone was developing a defensive system and going to couple it with their own nuclear weapons, yes, that could put them in a position where they would be more likely to dare a first strike."

I want to repeat it: ". . . more likely to dare a first strike."

But then, the previous February, Senator Levin asked you, Mr. Secretary, precisely the same question. He said—and these are his words—"Do you agree that defensive strategic weapons systems, if paired with offensive strategic weapons systems, can be viewed as fostering an aggressive policy?"

Your answer for the record was, "No." So, you appear, Mr. Secretary, to be in conflict with the President of the United States on the basic question of where SDI is taking us. And, since this is the biggest item in the entire defense budget, and since it is bleeding the economy of economic development programs, I think we at least deserve to know who is right.

So, who is right, Mr. Secretary?

Secretary **Weinberger**. It shows independence of thinking on my part, but it also shows you need to have more than a couple of sentences wrenched from the context. You have to have the context.

[**Clerk's note**.—Subsequent to the hearing, Mr. AuCoin submitted a follow-up question, as follows:]

Question. If you believe I have taken President Reagan's statement out of context, please supply the remainder of the statement which will place it in context.

[CLERK'S NOTE.—The article was submitted and is printed on page 769.]

Secretary WEINBERGER. What the President was saying, and what I was talking about, are exactly the same things. In other words as you substitute for an offensive deterrent, which is what we have now, a defensive capability, it is necessary to manage that transition; and that is why we have those talks which we are trying to keep going in Geneva.

No one is talking about both an offensive and a defensive system being fully deployed finally. What we are talking about is the fact that at the moment we don't have anything better than an offensive deterrent. It is vital to modernize that; not to add to the total numbers, but to modernize it, which is what we are doing.

It is also vital to spend some effort in the meantime developing a better system which is the strategic defense. That is exactly what the President has said, and that is what I have said. We are not talking about the idea of keeping a modern, large offensive system and a defensive system. In fact, we are talking about something quite the contrary; we are talking about sharing a defensive system, which the Soviets wouldn't dream of doing.

Mr. AUCOIN. That leads me to my next question, Mr. Secretary. I have never really been able to understand why it would be, inasmuch as you and Mr. Perle and your department have been so zealous about safeguarding our high technology to the point of putting very severe controls on the transfer of technology, that this Administration and the President would be talking about developing an SDI and then turning it over to the Soviet Union, especially when you consider that which can be used as a defense can be more easily used as an offense. I don't understand that.

Secretary WEINBERGER. He is talking about sharing it with the world and trying to demonstrate exactly the error of the point you tried to make a moment ago . . . that we want it for any advantage. We don't. We want it to help in the elimination of these nuclear weapons which, until the President came along with the strategic defense, general spectrum of public opinion seemed to want.

Mr. AUCOIN. Let me ask you this, Mr. Secretary: Let's say we develop an SDI and then we, in a great gesture of friendship, I guess, give the same technology—share it with the Soviets.

Haven't we given them the method to counter our own SDI?

Secretary WEINBERGER. No. What we have done is show nuclear weapons are no longer useful, because there is a known defense that can render them useless. Besides all of that——

Mr. AUCOIN. You don't recognize any offense relating to the SDI?

Secretary WEINBERGER. There is an extremely important second paragraph that has to follow here. That is that the Soviets have been working on this for nearly two decades and they continue to work on it. They are trying to get it. They haven't made the slightest suggestion of sharing it, which shows that they have offensive first strike desires for the system.

It is vital, in any event, that we try our best to develop one. The President has said we don't want it for unilateral advantage. We want it for the purpose of rendering these weapons obsolete. Therefore, when we get it, we would—if it was all deployed and all ready to go—we would share that.

He recognizes, as I think we all do, that by that time in all events with the types of leaks we have around Washington, the Soviets will probably have it anyway. It is important to realize that we don't want it for unilateral first strike advantage, however. We want it so that it can render nuclear weapons obsolete.

Mr. AuCoin. My question, though, Mr. Secretary, is that there is an offensive capability built into SDI, and it would seem to me that the notion of sharing this with the Soviet Union puts at risk the satellites that would be an inherent part of our SDI.

Secretary Weinberger. There is no offensive capability with it. It is a system to destroy weapons and not people. That is why it appeals to the President so much.

Mr. AuCoin. Or destroy satellites; is that not right?

If you have a weapon that can zap warheads, theoretically in space, can't that weapon also zap satellites, including early warning satellites?

Secretary Weinberger. The Soviets have an anti-satellite system deployed already. We are trying our best to get one, but the continuous efforts to ban even our testing makes it more difficult. But it is important, as long as they have an anti-satellite system deployed, that we try to do the same thing.

Mr. AuCoin. I am talking about SDI.

Secretary Weinberger. It does not have as a vital part of its design the ability to destroy Soviet satellites.

Mr. AuCoin. Your testimony is SDI cannot be used against American satellites?

Secretary Weinberger. I wish I could finish a sentence, because then maybe you would not have to require me to restate it.

The important thing is that what we are trying to design is a system that will destroy Soviet missiles, Soviet nuclear missiles. We also need to have an anti-satellite capability, which is a totally separate thing. The reason we must have it, is that the Soviets have already deployed one.

Mr. Chappell. Mr. Secretary, and Admiral, I think we will take about 20 more minutes, maybe 25, and then we will ask you to join us in Room H-140 for a closed session.

EFFECT OF SHUTTLE DISASTER ON DEFENSE BUDGET

Let me ask you very quickly just a few questions about several subjects. One is, what is the effect of the shuttle disaster on our Defense budget?

Secretary Weinberger. It is, I am afraid, serious, sir. The shuttle had some vital military tasks, and with the delays that are involved, those tasks still have to be performed the best we can; and we also had a very unfortunate loss with the 34-D Titan last week. I would be glad to go into more detail with you in closed hearings.

I think it would be less than candid to tell you that it was not a serious loss in every way.

Mr. CHAPPELL. What about the replacement for the one that we lost; are you going to come back soon with a reprogramming on that?

Secretary WEINBERGER. I don't think there has been a formal decision yet, but I think everybody agrees that the shuttle programs were fully filled with very important civilian and military tasks. My own personal feeling is that there will have to be a replacement for it. I don't know any other way to carry out the things that we need to do. That will certainly be expensive.

PHILIPPINE SITUATION

Mr. CHAPPELL. I understand, Mr. Secretary, that you were recently in the Philippines. Can you give us an assessment on the Philippines and tell us what we might expect and what impact the situation in the Philippines is going to have on our defense plan?

Secretary WEINBERGER. I would be glad to try to do that.

I was encouraged by my talks with Mrs. Aquino and also by the general approach that they are taking. They are trying to modernize and strengthen their military at the same time they have to deal with a very serious insurgency. I think, first of all, they are making progress, but they are going to need help. They are going to need economic help, and they are going to need military help.

They have not submitted formal requests yet, but I believe they will. I think other countries such as Japan will help them and a number of other countries, perhaps Korea.

They are in a strategic situation that is extremely important. Mrs. Aquino has said many times that we will keep the bases; that she will want to enter into new negotiations when the time comes in 1991. I think she is clearly settled on the idea that it is important for us to keep them.

It is also, I am sure, her goal to try to get better terms for those bases. She also recognizes that the insurgency is made up of a lot of people who have recently joined because of the desperate economic conditions, and so she believes that one of her first priorities is to get economic aid that can bring some investment that will produce jobs. We are in full agreement with that.

She also said that military assistance goes hand-in-hand with economic aid, because if you don't have a situation of stability in which the insurgency is not constantly gaining in power and territory, your economic aid isn't going to do much good. So, she needs that military aid to help reduce the insurgency and to modernize her army as one of the essential ways of reducing that insurgency.

That is one of the things that Defense Minister Enrile is spending almost full time on, and that is modernizing and strengthening the capability of the military.

I think the situation is, by no means, fully settled and stable; but I believe she is doing the right things. I do hope we can help her.

STRATEGIC DEFENSE INITIATIVE

Mr. CHAPPELL. Mr. Secretary, with reference to SDI, can you in open session discuss with us the progress which we have been making?

Secretary **Weinberger**. I can in general terms, yes, sir, and we can have other briefings for you later.

In general terms, General Abrahamson has told me they are making far better progress and far more rapid progress than they thought possible two years ago. Every time he makes the statement there is a spate of learned articles which says he can't be right. But he is in charge of the program. He has no reason whatever to exaggerate it, and he feels that they are making much faster progress than he thought possible on a number of different fronts.

What we are doing is trying about five different ways to destroy Soviet in-coming missiles, and on at least two or three of those very substantial progress is being made. We are also making progress—

Mr. **Chappell**. Are most of those in the directed energy field?

Secretary **Weinberger**. Directed energy and others. We are developing methods now of guiding and directing lasers through atmospheric turbulence that we previously felt would not be possible to surmount.

We are also improving the computational capability to pick out targets very quickly and lock onto them and discriminate between decoys and warheads and plot the trajectory and do it all in a matter of milliseconds. All of that is making much better progress.

I think from everything General Abrahamson has told me and from everything I have been able to find out independently, we are substantially ahead of where we thought we could be. I have to say it doesn't really surprise me because I believe if we put the resources and the will into doing anything, a lot of tasks that very learned people have said are totally impossible can be done.

Mr. **Chappell**. Do you have any specifics you can give us?

Secretary **Weinberger**. I can in the other sessions, and I would be delighted to have General Abrahamson come up and be quite specific about that.

Mr. **Chappell**. Thank you very much.

Mr. **AuCoin**. Would the Chairman yield to me for one second?

Mr. **Chappell**. Yes.

Mr. **AuCoin**. Mr. Secretary, in that respect, in December last you made the statement that "recent experiments in Hawaii showed that we"—these are your words—"could completely remove the degrading effects of the atmosphere on a laser beam. This disposes of the favored sneer of those opposed to strategic defense, that it will only work in good weather."

My question to you is, what was the weather in Hawaii at the time of that experiment?

Secretary **Weinberger**. Heavy overcast and rain.

Mr. **AuCoin**. That is interesting, because my information is it was absolutely clear weather, and that is the information our committee staff has, as well.

Secretary **Weinberger**. It was also obscured by smoke from that volcano.

It was a good experiment, and we will be glad to outline it in detail for you.

Mr. **AuCoin**. I would be happy to see that information.

Mr. **Chappell**. Mr. McDade.

[CLERK'S NOTE.—In editing the transcript, the Department notified the committee that "further research revealed that it was actually clear."]

[Mr. AuCoin then submitted two follow-up questions. These questions and the answers thereto follow:]

Question. If the weather was clear, why did you tell the Committee it was heavy overcast, rain, and smoke?

Answer. The principles of atmospheric transmission are complex, including beam spreading and attenuation. The experiment at Maui demonstrated the ability to compensate a laser beam for the degrading effects of atmospheric turbulence. The adaptive optics techniques demonstrated in this experiment apply only to beam spread degradation; they do not correct for attenuation. It was thermal turbulence in clear air that was compensated in the Maui experiment.

Question. Since the weather was clear, why did you cite this test as having "showed that we could completely remove the degrading effects of the atmosphere on a laser beam. This disposes of the favored sneer of those opposed to strategic defense, that it will only work in good weather."

Answer. If ground-based lasers are deployed as part of a strategic defense, multiple sites would be selected on the basis of their historic weather patterns. This would ensure that sufficient lasers have clear skies to provide the required defensive capability. In addition, other potential SDI systems such as space-based kinetic energy or directed energy, as well as ground-based kinetic energy systems, would provide a robust, all-weather capability.

[CLERK'S NOTE.—After reviewing the above answers, Mr. AuCoin feels they are evasive, unresponsive, and unsatisfactory. They do not add to the credibility of the witness.]

[End of the follow-up questions submitted for the record.]

ACQUISITION POLICY

Mr. **MCDADE**. Thank you, Mr. Chairman.

Mr. Secretary, on November the 20th, 1985, the Secretary of the Navy approved a change in the services' acquisition policy which requires industry to provide all production, tooling and test equipment, and which increases competition, as well as the use of cost ceilings for major contracts.

Is that a policy that you are generally in favor of?

Secretary **WEINBERGER**. Well, what we are trying to do is get the very best equipment we can for the lowest possible cost. The feeling that was behind that was it would reduce our costs and enable us to move toward a more competitive system sooner.

There may be other ways to get competition, but those moves were reflective of our constant pressure for lower prices and for more competition; and we felt that to the extent we could remove any monopoly, the better it would be.

Some people have said that we will lose some manufacturers if that policy is put into effect on a permanent, full-time basis. We would want to test that and see if that is the case.

We are all after exactly the same thing, and that is to get more good quality at lower costs. This is an attempt to do that, and we are not able now to say that it won't work. We have high hopes that it might.

Mr. McDADE. How long are you going to take to make the decision as to whether or not it works?

Secretary WEINBERGER. Well, I don't know that I can give you any kind of a real estimate. I know there is a lot of opposition to it in the industry because, obviously, they don't want to make an investment that they feel would become government property.

On the other hand, we believe that when they operate under contracts to make things for us, most of their work product does belong to the government. We are discussing and negotiating it to see what the results of it would be.

I have high hopes for it, and I couldn't really give you an estimate as to how long it would take to see if it is not working. We would appreciate any information that comes to your attention as to whether it is or is not a good policy.

Mr. McDADE. Well, that is what we are trying to determine and that is, of course, the reason for the question.

Secretary WEINBERGER. Right.

Mr. McDADE. That is the reason to try to find out if there is some time area within which you will decide yes or no on the policy issue.

Secretary WEINBERGER. I wish I could give you an estimate, but it certainly would involve several annual cycles of bidding and some efforts to see whether we got additional competitive bidding or whether as a result of owning the various dies tools and plans we would be able to increase competition in the future.

Mr. McDADE. We will be waiting, Mr. Secretary, to get the results because it looks like something that we have to deal with this year, I would think.

Secretary WEINBERGER. I understand, sir.

B-1B BOMBER PROGRAM

Mr. McDADE. Mr. Secretary, Congress has approved funds to complete the 100 aircraft in the B-1B bomber program.

Secretary WEINBERGER. Yes.

Mr. McDADE. Are any funds included in the fiscal year 1987 bomber to extend that beyond the aircraft?

Secretary WEINBERGER. No. We would not want anymore.

Mr. McDADE. Are any prior year funds, including modification and spares, being used to keep the production line warm?

Secretary WEINBERGER. No, the production line is going. If you take away unobligated balances we will have all kinds of problems with it, but we don't need any more than 100 and we would not keep the line going because the order includes the spares that are required.

We would want to put funds into other things. We do not need and would not want to have augmented the order of B-1s.

Mr. McDADE. Would you provide purpose and amounts for the record for B-1B Mods through the five-year defense plan? You can give us that for the record.

[The information follows:]

Modification Nomenclature	Fiscal year—				
	1987	1988	1989	1990	1991
ALCM/ACM Incorporation	51.5	48.8			
Common Strategic Rotary Launcher Redesign	3.3				
VLF/LF Miniature Receive Terminals	13.3	64.5	24.3	6.6	7.0
Battery/Power Subsystem Redesign	3.0				
Nuclear Survivability/Vulnerability	3.3				
RF Conductivity Redesign	1.7				
Stability Enhancement Function	20.3	18.2			
Update Modifications			64.9	69.5	
Simulator/Trainer Block Upgrade			1.8	1.9	5.8
New Starts				22.9	80.0
Unforeseen Safety Mods				12.8	10.0
Total	96.4	131.15	91.0	113.7	102.8

Secretary WEINBERGER. I certainly will try to do so. I don't fully understand the question, but I will be glad.

Mr. MCDADE. Modifications made to the B-1B and there will be additional modifications made apparently?

Secretary WEINBERGER. No. Modifications, Mr. McDade, are one of the things we were most anxious to avoid because it was constant modification that enabled the previous administration to cancel the B-1 before it was really started. We froze the design and basically are quite content with it, but if there are any minor changes or anything that seem to be necessary, we will be glad to get them to you.

Mr. MCDADE. Mr. Secretary, last year looks like there is $186 million planned on retrofitting the B-1 and what we want to do is to find out exactly what that money was for.

Secretary WEINBERGER. Well, we had some retrofitting after we finished the first 8, but I will certainly get that for you. I don't think it is properly described as a major modification, but I will furnish you something for the record.

[The information follows:]

The FY 1985 Appropriation Joint Conference Report directed the Air Force to provide the Congress with a full accounting of B-1B costs after the major contracts were awarded. As part of that report, the Air Force indicated that $186 million of B-1B production funds would be utilized to provide the following B-1B commonality modification kits to be incorporated in production aircraft:

Modification Kit Nomenclature and Aircraft Affected

Air Launched Cruise Missile Carriage	2–8
Group A for Miniature Receive Terminals	2–31
Fuel/Center of Gravity Management System	2–18
Structural, Nuclear Hardening	2–8
Corrosion Protection	2–8
Auxiliary Power Unit Hour Meter	2–31
Battery Redesign	2–8
Stall Inhibitor System	2–8
Stability Enhancement Function	2–8
Radar Cross Section Improvements	2–8

The Appropriations Conference specifically denied the use of B-1B production funds for this purpose and provided an additional $22.6 million for B-1B modifications to commence the commonality modification program. It should be noted that none of the $186 million had been expended for commonality modifications.

Mr. DICKS. Will the gentleman yield?

I understood it was a stability problem and was a very significant modification. I understand that there was a change made starting with the ninth aircraft. I think you alluded to that, but I understand it was quite a serious problem.

Secretary WEINBERGER. No. It was not so described to us as we proceeded with it. We are very proud of the progress of the B-1. It is under budget and ahead of time, and it is producing an extremely effective plane, but we don't need more than 100 of them. I will certainly be glad to furnish any cost analysis of whatever modifications were made.

Mr. CHAPPELL. Mr. Secretary, are you concerned about a gap after the line closes on the B-1 and before you get the next bomber onboard?

Secretary WEINBERGER. I don't think so because I think the 100 B-1s together with the latest models of the B-52s that we are going to modify will give us the capability that we need. We also have the F-111s and the advanced bomber is making good progress so I don't think there will be any gap; no, sir.

Mr. CHAPPELL. Mr. Dicks.

ASSESSMENT OF LIBYA MISSION

Mr. DICKS. Mr. Secretary, I suspected on some of these questions you are going to want to follow up in the closed session, but generally could you give us your review of the mission in Libya and your assessment of that mission at this point in time from a military tactical perspective?

Secretary WEINBERGER. The mission itself?

Mr. DICKS. Yes.

Secretary WEINBERGER. Well, I think obviously the President's decision to conduct the mission was made reluctantly and we would rather have had an opportunity to use other methods, but given the decision, economic and other means of trying to bring home to Qadhafi that there is a major cost to his continuing terrorism. In the absence of that, there was not any way to do that and therefore the President concluded the mission was essential to bring to him that cost.

As I said at the beginning, I am very proud of the way we carried out the mission. I think it was done extremely effectively. It was done with every effort to minimize any kind of collateral damage.

Military targets were selected very carefully, very good effect of damage and destruction on those military targets was achieved and our own losses were very small, although one plane with two fine crew members is obviously a heavy loss.

I think it is significant that the other planes were not damaged or touched and this was an extremely difficult mission in every way. The carriers had put a substantial number of planes over the target, but there also were planes there to furnish the continuous air patrol, search and rescue if it had been necessary, radar jamming, electrical warfare and the same was true with the way in which they provided that kind of support for the Air Force planes.

The Air Force, as everybody knows, had a very long, difficult mission to fly 6.5 hours, re-fuel three times and then be over the target coming in at nine miles a minute at 50 to 100 feet off the ground and have to take very difficult maneuvers and guide the bombs in while they were over the target. All of this was done with a high degree of skill and precision and professionalism and effectiveness.

In every way we thought the mission displayed that the Armed Services were ready to carry out the President's directions and to do it on short notice and in a way fully compatible with his objectives.

Admiral Crowe, of course, followed it very closely and knows much more about it from the professional point of view than any of us and I would be delighted to have him add to it.

Admiral CROWE. Would you like me to comment, Congressman?

Mr. DICKS. Yes.

Admiral CROWE. I think there are five or six things we were pleased with. First of all, the long mission that the F-111s flew required quite a bit of coordination with both Strategic Air Command and Tactical Air Command, and the time frame was relatively compressed.

I think in retrospect they did it very well. We had hoped, of course, to have a shorter route. We didn't quite get that but this required quite a bit of marshalling of assets, planning, et cetera.

I was particularly pleased from my perspective with the coordination through the European Command between the Navy and the Air Force. The timing had to be worked out and as an addition the Navy furnished, as the Secretary said, the Combat Air Patrol as well as the suppression forces capabilities, E-2Cs worked in coordination with the Air Force forces as well as the Navy.

We have at times had considerable glitches in the past in joint operations. We did not have that this time.

Now, I must tell you that the final wrap-up has not come in. The lessons learned we do not have as yet.

We will be sorting out pilot debriefs and tapes and so forth and studying extensively, but I do not at this time see any major glitch as in the coordination between the two.

Mr. DICKS. I want to compliment both the Secretary and the Chairman. I thought this was a well executed mission, a controversial one, but well executed by our troops which I think is something that we should be pleased with. Let me ask you this.

Some criticism has come in subsequent to this action on the fact that there were a certain number of civilian casualties. Obviously in a mission of this nature that can't be totally avoided but were there problems that you can discuss with some of the systems that led to those casualties that could be avoided in the future?

Secretary WEINBERGER. We don't know, Mr. Dicks, if they were caused by our munitions at all. We had avoided those particular targets specifically that target in the area of the French embassy. We don't know whether that was a bomb or missile that hung up on one of the planes and dropped late or early.

We don't have any information about that at this time. We are obviously trying to find out everything we can about it. Two of the carrier pilots reported that they believed it was the heavy anti-aircraft missiles of the Libyans that caused that damage and that is a possibility, too.

So we are looking at all of those, but we do not have any explanation or even any confirmation that it was American munitions that did that. Obviously we targeted for and planned to have all of our munitions fall on military targets only.

With that one exception, they did. We don't even know if that was an exception or not.

Admiral **Crowe**. We have two constraints aside from the military damage. We attempted to structure the attack very carefully to reduce our own losses, I mean in a very serious fashion.

With that accounted for, we were able to do the entire attack in 11 minutes. We needed all those aircraft to do that and that contributed very heavily to minimizing losses. We also put considerable emphasis on avoiding collateral damage, of course, knowing you can't avoid it altogether, but you can make an attempt both in planning and execution to do that.

We had very strict guidelines in the execute order to that effect. To demonstrate these restrictions, as the Secretary said, if the sensor systems weren't working properly the pilots did not drop their ordnance in order to avoid collateral damage. We had one or two aircraft that did exactly that.

Mr. **Chappell**. Gentlemen, we will continue this subject and some others, we will say, at 20 minutes after the hour in Room H-140.

Mr. Miller?

PHILIPPINE AID

Mr. **Miller**. Thank you, Mr. Chairman.

Mr. Secretary, a few minutes ago you were talking about the Philippines. I remember just a few years ago we were taken to the cleaners over there. I am aware of the Subic Bay Naval Base and Clark Air Force Base and do we pay the Philippines in cash for the lease for the land for those bases?

What I am getting at, to go a little further, what I am geting at, is it considered economic aid, is it considered military aid, do we pay it to the government?

This was the last time we had a change in the lease, and if I am not mistaken, it was for five years, Marcos upped the ante so high and we paid it.

Secretary **Weinberger**. We had an arrangement with them under which we undertook to exert our best efforts to secure economic and military assistance in recognition of the value of the facilities to our forces and indeed to the security of the Philippine islands.

Those arrangements are basically being kept. I think it is correct that Mrs. Aquino will need more assistance this year, and it is also true I think that when the bases come up again for discussions as to other terms or different terms, she will probably want to use that opportunity to increase the amount of assistance that we can give.

But the present arrangement entered into with the consent and approval of the Congress generally attempts to allocate a in-advance or indicate best efforts will be used to allocate certain amounts of military and economic assistance.

I don't have in mind the exact number, but that is the basis on which we are there.

Mr. **Miller**. I think it is very important we have something on the record concerning this at the present time because it seems when we have a leader in the Philippines they want to up the ante for the lease for the bases for the amount of dollars that we pay and I believe it is good to show the new government that it cannot necessarily play that game again.

I understand the geography here and it is necessary to have those bases in that locaton or at least it is best to have it there, but there are other locations that we could use. I think we need to have something on the record that let's not add a couple more billion dollars on for us to lease the land.

Secretary **Weinberger**. I would certainly agree and what we will try to do is get the best arrangement worked out that we could and submit it for approval. That process will start some time in advance of 1991.

But independent of that process and not related to the bases, because she has said we should stay there, I think we would have to think about the amounts that she needs right now because of the rather severe economic situation there.

I am told that generally the aid is in the neighborhood of about $525 million for a five-year period.

Mr. **Miller**. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

NEED FOR TESTING

Mr. **Chappell**. Gentlemen, one final question.

I know that a lot of our governmental scientists at Los Alamos Laboratory are extremely concerned about the possibility of being further restricted on testing. Is there any soundness to the proposition that you can tell whether a system or a program or a weapon is going to work without testing?

Is there any other way to know it is going to be satisfactory?

Secretary **Weinberger**. Besides testing?

Mr. **Chappell**. Yes, sir.

Secretary **Weinberger**. I don't know any way to be sure with the degree of certainty it requires. We test components and sub-components, of course, but as we have seen from the recent NASA disasters and other things, things can go wrong when you assemble all of these things and I just don't know of any other way to be sure that they are effective and working.

Admiral **Crowe**. We have considerable evidence for that.

Mr. **Chappell**. Gentlemen, thank you very much. We will stand in recess here and we will reconvene in about 15 minutes over in Room H-140 for a closed session.

EXECUTIVE SESSION

Mr. **CHAPPELL**. We can start now.

LIBYAN SITUATION

Mr. Secretary, Admiral, let's continue. I think others will be here in a few moments.

ROLE OF F-111S

I would like to ask a few questions about the Libyan situation. Would you describe to the committee why F-111s were needed in addition to the Naval aircraft? Was this a matter of strategy, confusing the enemy? What was the purpose of the joint strike.

Secretary **WEINBERGER**. I think Admiral Crowe should go into it in detail.

Basically, we received the request from the commander; this is what he wanted. We had had three carriers in the area, but only two at that time. We do have some special characteristics of the F-111, its ability to go in under radar and have the terrain-avoiding radar which were very desirable characteristics for those targets.

It was essential to cover all of those military targets at once rather than do it in two waves when they would have been alerted.

Admiral **CROWE**. Mr. Chairman, I think EUCOM or General Rogers' main consideration was first of all to get more weight on the attack and the main reason he wanted to do that was to reduce losses. That means to make the raid as short as we could, and do as much damage as possible in a short period of time.

The carriers could have taken those five targets, but not in one raid. We would have had to spread it out. We would have had to revisit the target area after we lost the element of surprise, particularly since the carriers were doing more than putting in attack aircraft. They were putting in suppression aircraft, E-2Cs, the CAP as well as the SAR for both raids. So that was the first reason.

Secondly, the F-111s are ideally suited for that. They train over land at night all the time. The carrier training is diffuse because they do a number of things: attack ships, submarines and land targets et cetera.

Lastly, we all agreed it was very important to present the Libyans with a new axis of attack they didn't necessarily suspect. While they were concentrating on the carriers, we wanted to throw an element we didn't believe they were ready for or anticipated.

[Discussion off the record.]

Mr. **CHAPPELL**. How many refuelings were required for this mission?

Admiral **CROWE**. Four down, two back.

Secretary **WEINBERGER**. Six. The last one before they go in, you can argue the point of view of whether you go to the gas station or not, that you probably didn't need it. They want to be absolutely certain when they are over the target that they have all the fuel they need.

That was one of the things I had in mind, again since we are in a closed session, when I said it added so much to the risk and the difficulty of the mission. We talked of refueling pretty casually. It is not all that easy an operation.

Mr. CHAPPELL. Particularly at night.

Secretary WEINBERGER. To do it six times at night when you are tired, the last two or three is a major strain. These two-man crews don't relieve each other. They both work all the time. As you know, six to seven hours is considered the maximum that any crew ought to be flying. These fellows were up about 14.

Mr. CHAPPELL. Do we understand the total of 24 F-111s and five EF-111s originally took off from England?

Secretary WEINBERGER. Yes.

Mr. CHAPPELL. Then there were six spare F-111s and one EF-111, all of which returned to England after the mission?

Admiral CROWE. Six F-111s went back. One spare EF-111 went all the way. Four EF-111's went to the scene. The strike force used three EF-111's for target coverage.

Mr. CHAPPELL. I see. So you had a total of 57 planes, F-111s and tankers, that took off in England?

Secretary WEINGERGER. Yes.

Mr. CHAPPELL. Was there any publicity in the media in England about these aircraft taking off?

Secretary WEINBERGER. The reports started to come in when they left. They left roughly a little past noon, Washington time, and the attack was 7:00 p.m., Washington time. There were some reports coming in of some activity; but I don't think the tactical surprise was lost.

Mr. CHAPPELL. Any indication that the press was aware of the fact that you were taking off from England?

Secretary WEINBERGER. I don't think so. There had been noises that more tankers than usual had come in two days before.

Admiral CROWE. We were concerned about that, particularly with that number of aircraft. Incidentally, it is sort of a hobby in England to sort of bird watch. People hang around those bases when nothing is going on, count, identify. We were concerned this large number taking off at a certain period of time might give us a problem.

Mr. CHAPPELL. The press does a lot of bird watching, too?

Secretary WEINBERGER. It was a very big operation, without any question.

Mr. CHAPPELL. Were these aircraft in the range of Spain and Portugese radar?

Secretary WEINBERGER. No, sir. We think they were out of their radar.

[CLERK'S NOTE.—Classified discussion removed.]

Secretary WEINBERGER. It is a very long flight. It is 3,000 nautical miles. It is a very complex operation. It was fully the equivalent of some of the larger raids of World War II as far as numbers.

Mr. CHAPPELL. I think it is a tremendous tribute to those guys to do that with that precision.

Secretary WEINBERGER. We do too.

F-111 ABORTS

Mr. CHAPPELL. The committee is advised of the 18 F-111s involved in the attack, 12 were able to drop their bombs on intended targets, five aborted and one was apparently shot down?

Secretary WEINBERGER. We don't know it was shot down, although that is the presumption now. The aborts are not really what we would traditionally or customarily mean by aborted in the sense they were perfectly able mechanically to go in and drop bombs, but not able to do it with a precision and care for collateral damage that the deployment order and the President's instructions warranted. So, because of that, and I think because of one arriving late, they simply decided they wouldn't do it although they were capable.

Admiral CROWE. One was late getting off the tanker. His route of flight inland in order to come up from behind on the airport. Since he was late he just aborted. The problem was coordination at night is you can't depend upon the eyball at all. The coordination is all timing and routes. Once he got out of sequence, he didn't believe he should go in.

Another one aborted because of a particular piece of gear, ——— went out. Under any other circumstance, he could have gone on. It would have been a difficult mission for him, but he could have gone if necessary.

As the Secretary said, we had some very strict rules on collateral damage.

Mr. CHAPPELL. Were any of the aborts because of malfunctioning of the ——— ?

Admiral CROWE. I don't know of that. There might be information on file in the debriefs.

Secretary WEINBERBER. The missing plane could have conceivably had that.

Mr. CHAPPELL. The committee is further advised that on one of the targets, where five F-111s were designated to attack, four had to abort. Is that one you related to?

Admiral CROWE. I'm sorry?

Mr. CHAPPELL. One of the targets for the F-111s, where five F-111s were designated to attack, four had to abort. Is that accurate?

Admiral CROWE. No. There was no target like that. I think you are talking about the Azizizah barracks where we had nine scheduled to attack. That is where most of the reports came from.

F-111 POST ATTACK ASSESSMENT

Mr. CHAPPELL. Could you give us a picture of the post-attack assessment with reference to the F-111s and then we will talk about the Navy for a little bit.

Your post-attack assessment, in terms of the number of targets planned and those destroyed, how effective was it? What is the status, do you think, of our F-111s?

Admiral CROWE. Let me say to begin with, with the hope I don't offend the Secretary, as a military professional, I don't see any military action as flawless. On balance, everything considered, what we were doing, with the constraints, it was a very successful raid. We would have preferred not to have had any aborts. We would have preferred not to have had any collateral damage. We were working hard not to have. We had some but it appears to be minimal.

For example, we had a pilot who said, "I know I fired a little high," and that is beyond the target in bomb terms. We plotted that and didn't come to anywhere close to one weapon. We cannot explain that bad bomb.

From a professional appraisal, one of the questions that seems to interest people the most is sophistication. We could not have gotten there without these sophisticated weapon systems. We could not have done what we did.

On the other hand, we proved what we knew all along, and that is that even with sophistication, it is difficult to go 2800 miles and have everything ready.

Lastly, no matter how sophisticated it is, that man is in the loop. He has got to aim that thing at the right place; and it is not going to—as with a typewriter—spell for you. It takes skill to do that, and a lot of courage, no matter what kind of machine he is driving.

Mr. **Chappell**. How many hours were they in the air?

Admiral **Crowe**. About seven and a half on the way down. They were 14 hours in the air.

Secretary **Weinberger**. They weren't just flying straight and level either. They were refueling and doing a lot of things. When you go nine miles a minute at 50 to 100 feet off the ground, it takes a very steady hand.

Admiral **Crowe**. The big professional problem, to be frank, is in the last few seconds before that target appears the crew has the weapon system to do it, but only has ——— to line it up and shoot, because he is moving nine miles a minute.

REACTION OF QADHAFI

Mr. **Chappell**. Mr. Secretary, do you have any intelligence information that we haven't read in the newspaper about Qadhafi's intentions or the intentions of terrorists around the world after the strike?

Secretary **Weinberger**. No. I think everybody is guessing. That is a lot of propaganda going on from there, trying to make the most of it. We believe, however and certainly the belief and hope is that this will bring home to him very clearly the fact that there is a major cost to the kind of conduct he has been engaged in for a long time; that that is a cost that he cannot really bear very long; and that he will decide there are other means.

I think right after that, there was a lot of quite natural cries for revenge and a lot of statements, including a lot of statements from countries that they, in effect, virtually told us to disregard. But as far as what he actually plans to do, I can't honestly tell you that we have any information of any reliable or accepted character as to what he would do.

He is a very erratic fellow. He is likely to start out two or three different ways, but we think ultimately he will realize that he can't afford to have this kind of cost, can't pay it, and he may very well therefore stop doing what he is doing. That is what I am hoping.

Mr. **Chappell**. Are we reasonably secure that a private aircraft, for example, or some other aircraft couldn't get off flight plan and hit the White House with a surprise attack?

Secretary WEINBERGER. Yes. I think we are reasonably secure about that. I think we have a good feeling that we could detect and define the nature of the threat within time to do something about it.

Admiral CROWE. I agree with that, except a crazy man, something locally.

Secretary WEINBERGER. If you had somebody start inside our radar net and did a few mile flight——

Mr. CHAPPELL. That is what I am talking about.

Secretary WEINBERGER. Oh, I thought you meant a long, overseas flight.

I don't think anybody can guarantee anything against a kamikaze-type attack in which a man would be fully prepared to commit suicide. That is a difficult thing to deal with.

We would have pretty good intelligence on his plans but if somebody wants, ———, although we take every precaution, there is no way you can absolutely guarantee against it.

Mr. CHAPPELL. Mr. McDade?

POLICY OF DEALING WITH TERRORISTS

Mr. MCDADE. Thank you very much, Mr. Chairman.

Mr. Secretary, it has been alleged that you were an opponent of hitting back against terrorist-related targets. What is there about this decision that makes you think this policy of hitting back, will work?

Secretary WEINBERGER. I think there is quite a generalization in your first assumption. I said from the beginning that I thought that the use of force ought to be a last resort. I think the only question came as to whether anything else that had been tried or could be tried was going to work.

I place more faith in economic sanctions than many people do. To be effective, really effective, economic sanctions need to have complete support from a number of countries. ———.

You have to think of a number of different ways in which you could try to deal with this sort of thing. Dealing with it means measures that will convince a virtual madman that he can't keep on hiring and using terrorists and exporting them.

I was no more reluctant than the President to do this. He didn't want to do this at all. He became convinced with incident after incident, particularly where the evidence was absolutely irrefutable, that something like this had to be done. I don't think he wants to do it every half hour.

We are all hopeful that this will have an effect that other things have not had. So I beleive it is a pretty general conclusion reached by everybody.

Mr. MCDADE. We have apparently taken out the targets that we believe support the infrastructure of his terrorist adventurism. What additional targets are there of a military nature? Did we take out the infrastructure?

Secretary WEINBERGER. There are other military targets we didn't plan to hit.

Mr. MCDADE. Such as?

Secretary WEINBERGER. ———.

Mr. **McDade**. Did we take out the infrastructure that supports the international terrorist activity?

Secretary **Weinberger**. I think we took out a good bit of it, but there are lots of others in Libya. We took out a good bit.

You see the kinds of effort required to do that, with widespread targets where you have to worry a great deal about collateral damage. There are others without any question.

Admiral **Crowe**. It would be a sizable task, Congressman.

Mr. **McDade**. To take them all out?

Admiral **Crowe**. Military targets, a campaign. It would be long.

Secretary **Weinberger**. We didn't aim at economic targets, but there are obviously some you could aim at.

Mr. **McDade**. The reason I am asking is because we have set a policy now. I think we are going to have to adhere to it quite rigidly. If there are a lot of targets we haven't even addressed yet that are related to that terrorist movement, how many strikes would it take to excise all of them?

Admiral **Crowe**. I guess a simple answer is I don't know, Congressman. You are talking about an air force of over 400 modern aircraft including approximately 300 fighter aircraft spread all over the country and a number of fields—12, 16 fields.

Mr. **McDade**. Could you speculate as to how many attacks would be required?

Secretary **Weinberger**. You would have to forget about collateral damage. A lot of them are scattered through cities. ———. That is a big task. There would be quite a few additional objections to those that already have come in.

Admiral **Crowe**. I would like to make a point the Secretary just made that—distinguish this attack from a—I guess the word I am trying to use is a form of purely military attack. This is a military attack with a high political content, with many parameters, trying to satisfy all those parameters: reduce losses, reduce collateral damage, get reasonable, respectable damage on the target and hopefully not to alienate our allies too much.

The thing you are talking about is a campaign, where you don't worry about collateral damage.

Mr. **McDade**. Most of the speculation centers around the probable Libyan retaliation, in some kind of spectacular way, such as destruction of an embassy, destruction of a military target.

Most of us look at that and wonder what we are planning to do, what kind of options we do have in the event that that spectacular comes our way.

I am sure you have done a lot of planning on that issue. I am trying to ask you what your options might be.

Secretary **Weinberger**. Well, I suppose——

Mr. **McDade**. What is the encore?

Secretary **Weinberger**. We hope there won't be the need to do any more. I suppose, just guessing—and I don't do it in open hearings because I don't deal with hypotheticals——

Mr. **McDade**. I wouldn't ask you in an open hearing.

Secretary **Weinberger**. ———. I think there are a lot of additional potential targets. What the President would do to some extent would be based upon the nature of the terrorist act we are trying to deter.

The President's feeling is that one way or the other, Qadhafi has to know that he stands to pay a terrible price for the continuation of this behavior.

Mr. **McDade**. Thank you, Mr. Chairman.

Mr. **Chappell**. Mr. Dicks.

Mr. **Dicks**. I want to point out I didn't ask this question in open session. I think it is a very difficult question. I want to preface it.

It has been reported on Qadhafi's living compound we dropped four 2,000-pound bombs.

Under the law, we are not supposed to be trying to eliminate a foreign leader. Mr. Secretary; you are a lawyer. Can you characterize this in any other way than an attempt to eliminate a foreign leader?

Secretary **Weinberger**. Oh yes, Mr. Dicks, we sure can. His living quarters is a loose term. This is a command and control building. His living quarters vary from night to night. He never spends two nights in the same place. His actual living quarters are a big Bedouin sort of tent.

We are not targeting him individually. You are going to see a lot of unauthorized comments and a lot of people who don't know talking to the press to show how much they know.

We were after the command and control building, the headquarters where a great deal of terrorist activity has been spawned. To the best of our knowledge, he did not live in that building. He in fact does not live in that building. I think he has offices there, but we didn't anticipate he would be in his office at 2:00 a.m.

But the target, the military target, was his command and control headquarters.

STRATEGIC DEFENSE

Mr. **Dicks**. This goes back to what we discussed in open session, the capabilities of ASAT systems, the capabilities of the SDI systems against ASATs. In my judgment, almost any kill vehicle, chemical space-based lasers, either ground or space based, ray guns, free-electron lasers, neutral particle beams, pumped X-ray lasers would have capability against satellites. They do have an offensive capability, a military capability.

In fact, to quote people that you know well, "It's true that defenses against ballistic missiles would be gang buster ASATs." Kent Stansbury, OSD, 3/19/86, at a meeting on SDI.

Richard Perle, Senate Defense Authorizations, part seven, page 3459: "The destruction of launchers in the boost phase with weapons based in space would entail the capability to destroy satellites in space. That is the system with sufficient power to destroy ICBMs would easily attack satellites."

Finally, from Livermore, Mr. Paul Braun saying, "There is finally widespread recognition that the pumped bomb X-ray laser would be a superb anti-satellite weapon. If the laser works as predicted, it would be overwhelming as an offensive weapon."

I wanted to point out that these systems we are talking about do have an offensive potential, specifically a very good capability against satellites.

Secretary WEINBERGER. That is not their intended purpose. Even if they have a side capability of destroying satellites, I wouldn't classify that as an offensive capability. They are designed to and their whole purpose is to destroy Soviet missiles.

Mr. DICKS. Mr. Secretary, you know we look at what systems do, not what other side intentions are. Clearly, if a system has the capability, we are going to assume the Soviets might use it in that way.

On the other side, the Soviets will look at these systems and say, yes, they have the capability to knock out satellites and do some damage to ground systems, not that we would use them that way, because we wouldn't probably use missiles to attack the ground-based systems. But clearly, they have a capability of anti-satellite.

Secretary WEINBERGER. Some may have. That is to be considered against the background of the fact that the Soviets have already deployed an anti-satellite system and are working very hard on strategic defense which, if it does include an ability to go after satellites, would from their point of view, give them a capability of going after ours.

From every point of view, we should continue working on it. We should continue to get the deterrent capability that it has to deter the Soviets from employing their anti-satellite capability.

That is why I think it is so terribly short-sighted to ban tests and do everything you can to block us from developing an anti-satellite system. That, however, is a different issue than strategic defense.

MIDGETMAN

Mr. DICKS. I notice you got it in. You are always very capable of discussing these matters.

What about Midgetman? Where do you stand on that? Are you for it?

Secretary WEINBERGER. That is part of the President's official modernization program. It is in the Scowcroft Report and is going forward. However, it could be hampered by a budget reduction.

There are some of your colleagues who are talking about MIRVing and some of them who are distressed about the congressional weight limitations. In any event, we are proceeding under the congressional directions to do it.

Mr. DICKS. I think there was consensus up here that raising it to 37,000 pounds is the correct thing to do, so you could add Pen-Aids and do some other things.

Secretary WEINBERGER. Generally, I think any rigid limitations on weight or attempts to design by committee are not ordinarily very satisfactory. The immediate answer to your question is, we are proceeding with it.

POINT DEFENSE SYSTEM

Mr. DICKS. Mr. Secretary, there has been great concern amongst some of the advocates of the small missile that the reason that the Administration was willing to change its arms control position and give up mobile missiles in the talks, in return for the Soviets giving up their mobile missiles, was that you really are concerned that when you run an analysis, that Midgetman really does give you greater survivability of the land-based leg. It requires so many Soviet warheads to barrage the land-based part of the triad, that some in your Administration are worried that that might undercut the case, for deploying a point defense system, which may be the most realistic option for SDI.

Secretary WEINBERGER. We have no desire or interest in deploying a point defense system. We have been through that 100 times. That was not the purpose of strategic defense.

The point defense system is not effective. The ABM systems we have now are less than ——— percent effective. You will find some voices crying out in the wilderness about point defense, because they don't have the understanding of the fact that strategic defense is not that. It is a totally different kind of defensive system. It is not capable of being overwhelmed if we can get it the way we want it.

Mr. DICKS. Even some people in the SDI office have said that the thing that they could do in the near term is the kind of defense of the land-based missile system we have been working on since the early 1970s. The Army has done a considerable amount of good work on that whole approach. It might be useful against tactical weapons in Europe.

Secretary WEINBERGER. We can do that now and worked on it a long time. It is less than ——— percent effective. That is not what they are working on.

Strategic defense is a different kind of defense. It does not involve point defense. It doesn't involve ground-based missiles put in a ring around a capital or anything of the kind. It is a totally different kind of concept.

So when you find people talking about using strategic defense for point defense, I will show you people who don't understand the system and have not gotten the word. Of course, you could do that sooner in the near term, but that isn't strategic defense. That isn't what we are working on.

Mr. DICKS. You aren't working on those systems?

Secretary WEINBERGER. Practically speaking, we have given up any attempt to get an ABM system of the traditional nature such as rings Moscow. We are putting all of our limited resources into strategic defense.

Mr. DICKS. How would you define strategic defense?

If it isn't point defense or a defense against tactical and theater weapons in Europe, against their SS-20s, -21s, or -23s, what is it?

Secretary WEINBERGER. It is an attempt to defend continents. I don't consider continents point.

Another way to phrase it, to indicate its total difference from point defense, is to say it is not so much an attempt to put an impenetrable tent or umbrella over the United States as it is to put one over the Soviet Union so they can't get those missiles out of the Soviet Union, into the situation where they could target points in the United States or in Europe.

Mr. DICKS. Admiral, you seem like you want to make a comment.

MOBILE MISSILES

Admiral Crowe. I just wanted to comment on your original point. That was not in the rationale of the Chiefs for eliminating more mobile missiles.

Mr. Dicks. What was the rationale of the Chiefs?

Admiral Crowe. The solution to the problem presented by mobile missiles is going to a terribly time consuming, investment heavy for verification. It will be very, very difficult technically. ———.

Mr. Dicks. So you are saying we can count them. We can count the SS-20s?

Secretary Weinberger. Oh, yes. Four hundred and forty-one.

Admiral Crowe. They do deploy. It would be very difficult in a crisis situation, very difficult.

Mr. Dicks. It isn't a question of counting or having numbers; it is the ability to target?

Secretary Weinberger. Of course.

Mr. Dicks. One of the things the Scowcroft Commission mentioned was both sides should have systems that are survivable.

Secretary Weinberger. You add to the doubts.

Mr. Dicks. Either side would then be hesitant to strike first?

Secretary Weinberger. Yes.

Mr. Dicks. Now we have created this new concern. Is the Scowcroft Commission arguing about mobile missiles enhancing stability incorrect?

Admiral Crowe. We have mobile missiles now.

Mr. Dicks. That is correct.

Admiral Crowe. Submarines. Both sides have mobile missiles at sea.

Secretary Weinberger. There are two worries about it. One is the Soviets already have their system and are building more. They have a system of government under which they know perfectly well they could get exactly what they want, six or even seven years down the road.

When we say—we will have a small missile and that will match theirs, so we can give them both up, we don't say we will have a small missile or an MX or anything else with any degree of confidence whatever. I don't know what we are going to be authorized to spend two weeks from now. The Soviets know seven years from now because they have a totally different kind of system.

The other thing about the small missile is it is very expensive. You get 1,000 warheads for 1,000 launchers. So from the point of view of covering targets you can destroy because of accuracy and yield, which is one of the ways you measure the effectiveness of your deterrence, it costs a great deal more money to build 1,000 launchers to get 1,000 warheads.

The Soviets have theirs already and are deploying more. It is part of the President's program that we get this kind of capability. But when you say there are questions that have been raised about why we offered to give it up, if the Soviets would give up theirs, before we have to build ours, it would be a saving. We would have to have very great assurances of verification.

Mr. Dicks. Thank you, Mr. Chairman.

Mr. Chappell. Mr. Miller.

LIBYAN SITUATION

Mr. **Miller**. Thank you, Mr. Chairman.

Mr. Secretary, we had a lot of news stories about the Libyan strike. We had news stories that gave detailed facts and figures, what we did, how we did it. Do you feel that we sacrificed some of our technology by the news that was put out right after the raid?

Secretary **Weinberger**. I don't think we sacrificed much of the technology, Mr. Miller. I do think consciously we sacrificed some intelligence sources to demonstrate to the world that we had absolute evidence that the Libyans had committed the West Berlin bombing.

As far as the technology of the planes are concerned, and their capabilities, I don't really believe so. I think that was known. It had not been demonstrated before, but I don't think that there was anything in the way of technological capability that we revealed.

Mr. **Miller**. As I understand it, the Libyan planes, fighter planes, ———. I am thinking about our NATO people, too. They practically said the same thing when they would not let us fly over.

Now, what I am thinking about is if we had a real situation, an international problem, can our NATO allies in Europe say, no, we won't go?

Secretary **Weinberger**. Well, Mr. Miller, first of all, ———.

The short answer is I think in the final analysis, NATO will stay together. It is so infinitely to their advantage to do so and they realize it. What they are trying to do are avoid things that bring about those emergencies. Obviously, we all agree with that. In the final analysis, I think they will be with us.

Mr. **Miller**. In another area, back when we crossed Qadhafi's so-called "line of death" at the Gulf of Sidra, as I understand it, ———.

Were they cooperating in any way? Is there any chance that———

Secretary **Weinberger**. ———.

Mr. **Miller**. You do not have any indication of cooperation with us on the part of the Soviets when we have a mission?

Secretary **Weinberger**. No sir, none at all. ———.

They certainly did not interfere, but that is a long way from cooperation.

Mr. **Miller**. We had a closed hearing, as I recall, and at that time we were talking about communications and the fact that information appeared in the news media about interception of Libyan communications.

Perhaps we compromised to some degree some of our intelligence by telling how we get information; ———.

Secretary **Weinberger**. I don't know if they are that smart. There is no question that we did compromise the source of the information that led us to conclude without any question that they had planned and carried out the bombing in West Berlin.

There were a few articles before the attack itself that went into far more detail for our cover and for that being concerned about the safety of our pilot, about the possible attack, the targets, the planes that might be used, and some of their capabilities which I think gave a great deal of unnecessary information to the enemy and caused us to loose strategic surprise.

We did maintain tactical surprise. They were not ready for that specific attack right then, but they were in a high state of alert and nervousness and expecting something. You would hardly have expected anything else when you read the Washington and New York press for a week or two before the attack.

As far as the ——— information we had with respect to their participation in the West Berlin bombing, I hope that hasn't lost us some capabilities ———.

This was a conscious decision on the President's part that we better just convince the world rather than have half the people always disbelieve everything he says.

Mr. MILLER. Thank you.

Thank you, Mr. Chairman.

Mr. CHAPPELL. Mr. Livingston.

U.S./U.S.S.R. TECHNOLOGICAL CAPABILITIES

Mr. LIVINGSTON. Mr. Secretary, Admiral, I am sorry not to have been at the public hearing. I apologize.

I want to congratulate you on the performance of our forces during the last week. I thought our actions were well executed.

On another matter, I have an article dated April 2 from the Washington Post that says the United States is superior to the Soviet Union in 14 areas of warfare technology, equal in six others, and that the Soviet Union is not superior to us in any technological aspect of warfare.

On the other hand, an article dated April 12, from Jane's Defense Weekly, says the Soviets are well ahead in SDI, strategic defense.

Those aren't entirely compatible. I wondered if you would like to tell us where you feel we are?

Secretary WEINBERGER. I feel on the technological side, we still have an advantage. I don't calibrate it quite as finely as the author of that article did, but I think we still have an advantage.

Our worry is that we can't be interested in a snapshot of events as they are at any specific time. We have to look at trends. The trends are that the Soviets have been obtaining and utilizing much more advanced technology than they ever did. Their submarines are bigger and quieter. Their latest fighter planes employ some very modern technologies including look-down and shoot-down radar capabilities. They are making very substantial progress in very high-technology, sophisticated weapons systems. I think that has to be a worry. That is our principal lead.

Everybody agrees that they are way ahead on conventional weapons numbers and manpower numbers. It is a worry if our only lead is being eroded. I am afraid it is, but I think we still have a lot of it.

On strategic defense, they have been working on it a good 15 to 16 years. They have made a lot of progress. We estimate that they are ahead with various laser beam activities and some other directed energy activities. I don't think they are near us yet in computers or computational ability, although they are earnestly trying to close the gap. They have been for quite a while.

I remember when I went over to exchange a visit with the Soviet Minister of Health when I was at HEW in 1973, and the primary interest they all had was in getting computers to do cancer research. This was repeated all the time. It was quite clear to us that this was a directive or requirement that had come down to them from the central government. That is just a small footnote to show they have been after it for a long time.

They are ahead in a number of ways in strategic defense because they have worked on it longer. I have no doubt we can catch up. I think we can be first, but it will take a lot of resources and steady application. That is where they are really ahead, because they allocate not only very large amounts, but on a regular, planned basis. It is the only thing they are good at.

They don't worry about the rest of the economy. There is no public opinion. They don't have to pay attention to deficits or anything like that. They can and do put heavy emphasis on military superiority which they obtained in a number of areas. That is why it is so vital to do all we can to preserve our technology and not either sell it or let them steal it.

Mr. DICKS. Will the gentleman yield for a comment on this?

Mr. LIVINGSTON. Yes.

Mr. DICKS. Isn't that a story written on the defense posture statement by the Secretary of Defense that we are ahead on 14 technologies and tied on six others that you are quoting?

Mr. LIVINGSTON. I was going to submit both articles for the record. There is a quote from the Secretary. I would simply ask that he be permitted to elaborate on his answer to whatever extent possible.

Secretary WEINBERGER. I think we have a lead in technology now, but it is slipping. It is the only lead we have, and we hate to see it slip because they are very relentless. They have a very widespread compaign to get our technology, and spend an awful lot of money on it; virtually unlimited resources.

[Articles and OSD response follow:]

WASHINGTON POST 2 April 1986 Pg. 21

Does Pentagon Know Best About the Soviet Threat?

Report Shades the Gray Areas Darker

WHO IS WINNING THE TECH RACE?

This chart, adapted from a Defense Department report, shows relative U.S. and Soviet standing in 20 areas of technology chosen by the Pentagon as a valid base for comparing overall U.S. and Soviet technological standing. These technologies are all "on the shelf" and available for application, but the list is not intended to compare technology levels in currently deployed military systems.

The arrows indicate that the relative technology level is changing in the direction indicated—either toward greater equality between the United States and the Soviet Union or, in one case, toward greater U.S. superiority in the field.

The report cautions that these comparisons depict overall average standing only, not relative standing in subcategories of a given technology.

Basic Technologies	U.S Superior	U.S./U.S.S.R Equal	U.S.S.R. Superior
Aerodynamics/Fluid Dynamics		●	
Computers and Software	←●		
Conventional Warheads (including all chemical explosives)		●	
Directed Energy (laser)		●	
Electro-Optical Sensor (including infrared)	●		
Guidance and Navigation	●		
Life Sciences (human factors/biotechnology)	●		
Materials (lightweight, high strength/temperature)	●→		
Micro-Electronic Materials and Integrated Circuit Manufacturing	●		
Nuclear Warheads		●	
Optics		●	
Power Sources (mobile, includes energy storage)		●	
Production/Manufacturing (includes automated control)	●		
Propulsion (aerospace and ground vehicles)	●→		
Radar Sensor	●→		
Robotics and Machine Intelligence	●		
Signal Processing	●		
Signature Reduction	●		
Submarine Detection	●→		
Telecommunications (includes fiber optics)	●		
	14	6	0

SOURCE: THE FY 1987 DEPARTMENT OF DEFENSE PROGRAM FOR RESEARCH AND DEVELOPMENT

By Fred Hiatt
Washington Post Staff Writer

How well do you understand the Soviet threat? Here are a few test questions.

- General Secretary Mikhail Gorbachev's plan to revitalize the economy will . . .

a. Force a slowdown in Soviet weapons spending as civilian industry siphons away skilled labor, materials and machinery.

b. Rejuvenate Soviet arms spending by improving the high-technology industrial base.

- During the next five years, the Soviet Union will probably . . .

a. Spend less for weapons and buy fewer planes, helicopters and missiles than in past years.

b. Continue its quest for military superiority by buying more weapons of higher quality.

- In the realm of advanced military technologies, the Soviet Union . . .

a. Trails the United States in most areas, will have difficulty closing those gaps and may have to watch as new gaps emerge.

b. Trails in some areas but is narrowing the gap.

The answer in each case, according to official U.S. documents, is both of the above. Which is more correct depends on whether you read (a) congressional testimony not designed for general circulation or (b) the Defense Department's glossy volume called "Soviet Military Power," which has an annual printing of 330,000 and is forwarded to the U.S. Information Agency for translation into 10 languages.

The first edition of "Soviet Military Power" was published in 1981. It was, according to the preface to the most recent edition, "detailed, frank and authoritative." The book is distributed to civic groups, U.S. embassies and military commands round the world and any member of the public who requests it.

The most recent edition of "Soviet Military Power," which Defense Secretary Caspar W. Weinberger unveiled at a news conference last week, rarely contradicts other administration statements on the Soviet Union. But the booklet, rich with color photographs and drawings, omits some facts and presents some gray areas as black.

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Soviets are 'well ahead' in SDI race

By Virginia Biggins

THE SOVIET UNION is actively engaged in the race in space and its projects are primarily military related, retired US Air Force Gen John W Vost has warned.

The Soviets are well ahead of the USA in development of a Strategic Defense Initiative system, Gen Vost told members of the Air Force Association during a meeting at Langley Air Force Base.

"They've challenged us in our programme to go into space with air defence weapons, the SDI programme backed by President Reagan. It's being billed as an aggressive act on our part and yet the Soviets in the last 10 years have spent three times the amount of money in defensive weapons than this country and in many areas of SDI are well ahead of us today," he said.

Gen Vost, who holds the distinction as the only air force officer to have commanded both the US air forces in Europe and the Pacific, was commander of all US air operations during the last 18 months of the Vietnam War.

He said many problem areas concerning aircraft and chain of command have not changed since the South East Asian ceasefire in 1973. He warned that the USA's lead in aircraft technology was being overshadowed by the Soviets.

The NATO air defence situation was serious, he said, noting there were 13 000 enemy air defence systems facing US allies where there were only 5000 in 1975 when he was assigned to Europe.

"Other than the F-15 fighter, like those assigned to Langley, there are no other fighters that have the all-weather combat capability to counter the Soviet threat," he said.

"These were the same kind of weather restrictions we had with older warplanes in Vietnam and the situation has not changed. Most of our planes in Europe cannot drop a bomb if the weather is bad."

OSD response. The technologies which appear with the Washington Post article are make up of a variety of subtechnologies. The Soviets have directed intense effort toward the development of some of these subtechnologies, particularly those relating to SDI. Hence, it is quite likely that the Soviets may well be ahead of the United States in some of these SDI related technologies.

We are concerned with the high level of Soviet expenditures directed toward military Research and Development. This, coupled with their efforts to obtain western technology, cannot help but to erode our technological lead.

LIBYAN SITUATION

Mr. LIVINGSTON. Mr. Secretary, I am told the stretch of territory that would have been necessary to transverse by those F-111s was only nine miles across France; is that correct? Is that accurate?

Secretary WEINBERGER. Oh, no. You mean the savings?

Mr. LIVINGSTON. Yes. It is considerably more than that, isn't it?

Admiral CROWE. Twelve hundred miles travel to fly around Europe.

Mr. LIVINGSTON. Of French territory?

Admiral CROWE. It would shorten the range 1200 miles to fly direct.

Mr. LIVINGSTON. How much territory?

Secretary WEINBERGER. The whole country. Have I ever shown you my map as to how they did have to go? It is certainly not the most direct route.

Mr. LIVINGSTON. So, it was over a thousand miles.

Is Mitterrand's assertion in today's press that the reason they didn't let us go across their territory was because he wanted to hit them harder, is that a little inaccurate?

Secretary WEINBERGER. I would like to go off the record.

[Discussion off the record.]

Mr. LIVINGSTON. Going back on the record, would ——— carriers have been able to do the job?

Secretary WEINBERGER. Yes, I think so. I believe again it is a question of how you do the job, but there would have been still not quite the capability that the F-111s added for the targets in the western sector and the need to do that over there. That is to get in under the radar and to have a very high degree of precision which the A-6s have; but again, it is the capacity. Even if you had ——— carriers, you probably would have had to have had two waves to cover that number of targets. A second wave would have been much more vulnerable. We not only have collateral damage, we have the total safety of the crews involved. It wasn't the standard rules of engagement.

Mr. LIVINGSTON. I thought I heard Mr. Brzezinski saying he would have supported a naval blockade. ———.

Admiral CROWE. I read the statement you talked about. I don't think he has a real good appreciation of the scale, not to mention the international complications involved.

Secretary WEINBERGER. Also, in a blockade ships even, particularly in large numbers, become quite vulnerable, the longer the blockade goes on. ———.

Mr. LIVINGSTON. Do you have a comment about President Carter's comments this weekend?

Secretary WEINBERGER. I guess I better not.

Mr. **Livingston**. And finally—two other things real quickly.

The lost plane: Have we determined where it is?

Secretary **Weinberger**. No, we do not know. There was, I believe, one of the Navy pilots who was firing the HARM missiles who believes they saw a fireball, which I gather they followed down into the water?

Admiral **Crowe**. They saw it go in the water.

Secretary **Weinberger**. We don't know what it was. We really have no information about that plane as yet.

There are various things we are trying to piece together. As Admiral Crowe said, we will have a full after-action report with all of the lessons and everything else, but we don't have any information about it now.

Mr. **Livingston**. Do you put any credence in the Libyan claims they found a plane?

Secretary **Weinberger**. No.

WAR POWERS ACT

Mr. **Livingston**. Last week I introduced a bill which would waive the provision of the War Powers Act in acts of terrorism. It specifically defines terrorism and says that those acts constitute, rather than simply a criminal act under the laws of the United States, they constitute an act of aggression against the United States, and would allow the President freer reign and remove the requirements that he consult with all 535 members of Congress under the War Powers Act in advance of an act of retaliation against terrorism. I take it the Administration supports that?

Secretary **Weinberger**. Yes; I think generally we do, Congressman. I haven't seen the precise wording. I know there are two or three different versions.

Generally, I believe the feeling is that there is some more flexibility needed to deal with a situation that wasn't really contemplated at the time of the War Powers Act. Some more flexibility would be very desirable.

Mr. **Chappell**. Mr. Dicks.

Mr. **Dicks**. Following up on that point, as I understand the War Powers Act, there is no duty or responsibility by this Administration or any administration to consult with all 535 Members of Congress. But there is a duty to consult with the leadership and leadership on the key committees, I would assume possibly the Appropriations Committee, the Armed Services Committee and Foreign Relations Committee, if it is possible to consult.

Consult, as I understand it, does not mean a veto power either. The Administration still has the ultimate responsibility for foreign policy, and the President is Commander-in-Chief. Mr. Secretary, let me ask you what is your opinion under the War Powers Act, what is required by way of consultation?

Secretary **Weinberger**. I think the actions taken by the Administration constituted compliance. You have got many factors to consider, and the safety of the pilots is certainly a paramount one for me. It is my responsibility, and it is one that I feel most keenly about.

The consultation, discussion, or notification was had with the leadership groups that you mentioned. It isn't as you say that you don't worry about the safety of the pilots. It isn't that you are afraid a Member who has consulted is going out and telling the Libyans, nonsense of that kind, but what is the problem is as the circle becomes wider and wider and wider, the chances of compromising information of it getting out too early is increased. So you try to keep that information in a circle as narrow as you can.

Mr. DICKS. Mr. Secretary, you just mentioned that the word was out in the New York Times.

Secretary WEINBERGER. No.

Mr. DICKS. And the Washington Post, about the possibility of a U.S. attack against Libya.

Secretary WEINBERGER. I did not——

Mr. DICKS. That had to come from the Executive Branch.

Secretary WEINBERGER. No.

Mr. DICKS. Because there weren't any consultations at that point in the equation.

Secretary WEINBERGER. I don't know where it came from, and I certainly didn't point fingers at anybody. I said because it was out we lost strategic surprise, and we also, I think, had much too much detail published in all of those articles about the potential possible plan, but I don't know where it came from. Wherever it was wrong. It shouldn't have been there. I am saying that Executive, Legislative, newspaper, people, anybody, the more you widen the circle, the more risk there is of that kind of thing.

Mr. DICKS. But you are not against consultation.

Secretary WEINBERGER. No, no, and we have had it.

Mr. DICKS. I understand the Speaker was consulted on Thursday evening. Some people don't know that, but prior to the Monday meeting when the congressional leadership went to the White House, it is my understanding that on Thursday the Speaker was consulted by Secretary Shultz, and I believe that that was consultation.

Secretary WEINBERGER. There was discussion of the increasing seriousness, and we certainly notified individual Members, I think, including the Speaker, of the evidence we had linking the Libyans to the act in West Berlin.

Mr. DICKS. But you don't disagree with the notion of consultation?

Secretary WEINBERGER. No, I think that what we did, which was to have a meeting with the leadership people that you described, and go over the plans when we did is proper, and I feel it is in compliance with the War Powers Act, and that it was carried out within that act.

I believe with still some time to go before they got over the target there was some risk, and that has to be my primary consideration.

Mr. LIVINGSTON. Will the gentleman yield.

Secretary WEINBERGER. Others may have different——

Mr. DICKS. Certainly, I yield to the gentleman.

Mr. LIVINGSTON. I happen to agree with the Secretary. I think it was, and that is my interpretation of the law as well, but I happen to have seen some statements by Members of the House and the

Senate who would imply a more rigid interpretation of the language in the War Powers Act, and that is what my bill is attempting to correct.

Frankly, the War Powers Act remains to be interpreted by the courts and we don't know what it means.

Secretary **Weinberger**. That is right.

Mr. **Dicks**. I appreciate that. I might not agree with the gentleman's interpretation. I may have my own. I am sure this will be something we can pursue later.

SALT II COMPLIANCE

Admiral Crowe, I didn't mean to ask you in the public session about your advice to the President, but I would like to know, have the Joint Chiefs taken a position on SALT II compliance with the 1200 MIRV limitation?

Admiral **Crowe**. We have taken the position consistently that the best response to the SALT II, violations or not, is to complete the program for strategic modernization which the Joint Chiefs and the President have incorporated in his budget. I am talking about D–5, the 100 MX, Midgetman, and B–1. We feel we have not yet completed the modernization program, particularly the MXs are not approved, but that is the fundamental position of the Joint Chiefs and it has been throughout.

Mr. **Dicks**. That isn't the question I asked, though, and I appreciate that. It is certainly a good answer, but what about SALT II compliance? Have you voted on that? Have the Chiefs taken a vote on whether you ought to comply with the 1200 limit on land-based and the sea-based——

Admiral **Crowe**. That is a political decision with high political content.

Mr. **Dicks**. I don't know how many times before the Joint Chiefs have voted on this issue. This is not the first time it is considered by the Joint Chiefs.

Admiral **Crowe**. We are talking about the Joint Chiefs now.

Mr. **Dicks**. Recently. Have you voted.

Admiral **Crowe**. No, but we have discussed the issue.

Mr. **McDade**. You believe it is a wash militarily?

Admiral **Crowe**. It is if we get our main priority militarily, strategic modernization.

Mr. **Dicks**. I must say with all due respect, I think maintaining those limits militarily is in our interests. If we are talking about SDI or anything else, everybody who has looked at this believes that the Soviets could add warheads a lot more rapidly than we can add warheads. This is true especially right now in this current circumstance, with Gramm-Rudman-Hollings, which I oppose and think it is disastrous militarily.

I just don't see how it can possibly be in our interests to give the Soviets the right to break out because when we break those limits, you can bet your bottom ruble they are going to break it, too. They are going to put their money right there. They are going to add more warheads.

Secretary **Weinberger**. They do and they are. Look at the SS–20 we talked about. All they have to do is take one warhead out and turn it into an intercontinental missile.

Mr. **McDade**. You talked about throw weights. They could add a lot more warheads on their SS–18's and -19's.

Secretary **Weinberger**. Why do it when they are already nine to two against us in throw weight strength. They sign treaties which fit in with their future plans.

Mr. **McDade**. They can have a proportionate response. Why don't we respond proportionately to the violations that they have made?

Secretary **Weinberger**. We don't know what the President will do, but the capability to break out is clearly there. The Soviets have broken out as far as they want to go and if they want to break out further, they will do it. That is their whole record in the past. They are not restrained by SALT II.

Mr. **McDade**. But they have been restrained in this one area, and I think it is important to our own national security to maintain that restraint. To give them a right to break out if we violate the treaty, it doesn't make sense to me militarily.

Secretary **Weinberger**. I don't think you give them the right because we do it. This, however, is an argument that has gone on since 1979, and I don't suppose we could complete it.

MILITARY CAPABILITY AGAINST TERRORISM

Mr. **McDade**. Let's go on to one other subject. I would like to make as much progress as we can. What is our military capability to respond to terrorism whether it be Libya, whether it be Iran, whether it be Syria, the Bekaa valley in Lebanon. This is now not just one nation here. You have talked about state-sponsored terrorism. You have talked about the phenomenon of this going on for years.

How are we going to deal with it?

Secretary **Weinberger**. That is one of the things we are trying to decide, and one of the reasons that we undertook this action, because we had not concluded that diplomatic means or economic boycotts, the way we were able to deal with them with other countries or other things, were going to be very effective.

You say what is our military capability? That really depends on what the President directs us to do. ———. It has all kinds of other implications, but that is one way to deal with terrorism, but he has never done that because he worries about all of these other collateral damages and other problems that go with it.

Our capability is very strong, but we obviously have to consider a tremendous number of issues besides that. Our growing capability is the thing that is most effective and that is to try to find out about terrorist acts ahead of time, and take necessary steps to thwart them. We have been able to do that in quite a few cases, obviously unreported cases.

We hope to continue to do that and to improve that although it is never going to be 100 percent. As I said in the open hearing or just a moment ago here, if somebody wants to have a suicide attack and be willing to die in the attempt in a kamikaze-like activity, I don't think anybody can guarantee that you can prevent that. You can do an awful lot to try and prevent it ahead of time, and that is what we are attempting.

Mr. McDADE. Is that limited strictly to intelligence, is that what you are saying?

Secretary WEINBERGER. I think that is a very key thing, to improve our intelligence capability in finding out ahead of time.

BUDGET DEBATE

Admiral CROWE. Could I add something. In the first place, one of the things that amazes me is a budget debate at the very time that we are really going to have a lot more put on us because of terrorism. I don't hear any talk about the cost of terrorism when we are talking about reducing the Defense budget, although we are going to have a lot of expenditures on passive defense.

We are going to have to buck up our bases around the world. The State Department and all the military installations around the world are working very hard now to do passive things. We are going to have to put more into our terrorism intelligence, and we are going to have to put more into our special force capability. It is a terrible time to reduce our budget in many ways, but that is one of the most important needs, and yet when an accident happens and we cannot react or we have a business or something overrun by terrorists, nobody is going to say well, the Defense budget went down this year. They are going to say why weren't you prepared.

That is the story from the military.

Secretary WEINBERGER. Shared on the civilian side of the Department.

Mr. DICKS. We are all worried about it. What are we going to do to work it out? My hope is that the Congress can develop an alternative budget so that Gramm-Rudman-Hollings doesn't go into effect. I think it would be a disaster if we don't. It seems to me, Mr. Secretary, that there might be a willingness at least on the part of this Member of give more flexibility to the Department rather than having stringent rules on how these cuts can be made if sequestration does take place.

I think in some areas, for example, in the intelligence areas, you really do need to have that flexibility. I would like to see it in the personnel area and some other areas, but it seems to me that in order to have that flexibility, there is going to have to be some understanding between the Administration and the Congress about congressional items of interest, if I can characterize it that way.

If that understanding could be arranged so that all the cuts wouldn't come out of things the Congress did, you might be able to get more flexibility.

Would you like to have that flexibility?

Secretary WEINBERGER. I think under certain circumstances it would be essential. If eliminating from any consideration all of the items in which Congress is interested, but imposing an overall cut, that pretty well destroys the flexibility.

Mr. DICKS. You also get an equal share in the responsibility.

Secretary WEINBERGER. We would certainly want to have maximum flexibility to spend whatever pettily small amounts you planned to allocate to us. We do feel at this point as I said in the open hearing, with the President adamantly opposed to the Domenici budget in the Senate which is the only one now around in opposition to his, that I don't have any authority to come in and suggest that you undercut the amount. Both the President and I in all sincerity in open as well as closed hearings and everything else feel it is absolutely required. The cut in the current year was bad enough. Then Gramm-Rudman came in and dropped us another $11 billion, and those aren't easy. You cannot just pick that out of unobligated balances or anything of that kind. Unobligated balances reduce very substantially your ability to complete purchases that have already been ordered, even though you haven't written the check.

The fact that the money hasn't been formally obligated doesn't mean it hasn't been basically committed, because that is what Congress voted for, and fully funding a project, which Congress has been doing for a number of years, is by all means the best way to go.

U.S. ARMS CONTROL COMPLIANCE

Mr. DICKS. I have some questions on arms control for the record.

[CLERK'S NOTE.—Questions submitted by Mr. Dicks and the answers thereto follow:]

Question. Mr. Secretary, I am deeply disturbed by recent press reports indicating the Administration has decided not to remain compliant with the numerical ceilings included in the SALT II treaty by dismantling forces when the next Trident submarine enters the force in order to remain under the limit of 1,200 MIRVed ballistic missiles. Has a final decision been made by the President on this issue?

A majority of members in both the House and Senate have written the President urging him to continue U.S. adherence to these ceilings. I think there are sound military reasons for this action and I would like to discuss them with you. Since 1973, have the Soviets retired Yankee class submarines in order to remain within these numerical limits?

Answer. Since 1973 the Soviet Union has dismantled 14 Y-class submarines carrying 224 single warhead SS-N-6 missiles, in order to replace them with more capable MIRVed SLBMs.

Question. Has the USSR also dismantled ICBMs during this period?

Answer. The Soviets dismantled 209 SS-7 and SS-8 ICBMs to comply with SALT I in exchange for a like number of modern SLBMs. The SS-7s and SS-8s were all deployed prior to 1964 and almost certainly would already have been retired without SALT constraints.

Question. To date, what forces has the U.S. dismantled to remain in compliance with these limits?

Answer. The U.S. has dismantled 8 Polaris submarines with ——— warheads, 1 Poseidon submarine with ——— warheads, and 29 Titan IIs. We will soon initiate the dismantling of 2 Poseidon submarines carrying an additional ——— warheads. Hence, by the end of 1986, we will have dismantled forces that have more than ——— warheads.

Question. According to an analysis done by the Congressional Research Service, between now and 1994, in order to remain in compliance with SALT ceilings, the Soviets will have to retire 710 ICMBs compared to our 259, 444 SLBMs to our 312, and 145 bombers to our 133.

Do you believe that such rates would be counter to U.S. interests?

Answer. The CRS study was published in October 1984 and, consequently, the U.S. and Soviet force numbers it relies upon are somewhat dated. The CRS numbers are sufficiently accurate, however, to illustrate the disproportionate and potentially adverse impact that future SALT dismantlements could have on U.S. interests.

The following charts reflect data from the CRS study but delete missile upgrades incorrectly included by Mr. Dicks in his dismantlement totals. Specifically, the substitution of 100 U.S. Peacekeeper ICBMs for 100 Minuteman IIIs and of 240 Soviet SSN-23 SLBM's for 240 SS-N-18s does not constitute dismantlement because the launcher itself (whether missile silo or submarine tube) has not been retired. Such missile swaps are discretionary providing they comply with SALT new missile type provisions.

CRS PROJECTIONS OF SOVIET MISSILE DISMANTLEMENTS

	Launchers	RVs
SS-11	520	520
SS-13	40	40
SS-17	150	600
SS-N-5	6	6
SS-N-6	192	192
SS-N-8	6	6
Total	914	1,364

CRS PROJECTIONS OF U.S. MISSILE DISMANTLEMENTS

	Launchers	RVs
Titan II	29	29
Minuteman II	130	130
Poseidon C-3	240	2,400
Trident I C-4	72	576
Total	471	3,135

As these charts indicate, although the Soviets will be required to dismantle 914 missile launchers by 1994 as compared to only 471 for the U.S., the United States will be dismantling more than twice as many ballistic missile warheads (3135 for the U.S. vice 1364 for the Soviet Union). Thus, continued adherence to SALT restrictions will impose greater sacrifices on the United States than it will on the Soviet Union. Furthermore, most U.S. dismantlements will involve MIRVed missiles and ALCM-equipped bombers, while the Soviets will retire only their oldest and least capable forces.

BREAKOUT POTENTIAL

Question. How many warm ICBM production lines do the Soviets have?

Answer. The following ICBM systems are currently in production in the Soviet Union: SS-25 (series production); SS-X-24 (R&D production); SS-18 follow-on (R&D production).

Question. How many (warm ICBM production lines) does the U.S. have?

Answer. At the present time, the United States has only one ICBM production line in operation, the Peacekeeper missile.

Question. According to the CRS study I mentioned earlier, the Soviets also have more warm production lines for bombers, SSBNs, and SLBMs. Doesn't this indicate that the Soviets are better positioned to take advantage of a breakout from SALT II limits, especially in the near term?

———. Given the fact that the Soviets have approximately 2.5 times as much missile throw weight as the U.S., wouldn't an elimination of constraints on such testing work against the U.S.?

Answer. Both the United States and the Soviet Union will over the next few years possess the production potential in a number of strategic areas to breakout from the current SALT restrictions.

———. With regard to the impact of SALT numerical limits, attention should be drawn to the fact that continued adherence to SALT limits will have little impact on the future growth of the Soviet warhead inventory.

The Soviet Union is currently series producing, SS-25 ICBMs, Typhoon-class SSBNs, D-IV-class SSBNs, SS-N-18 SLBMs, SS-N-20 SLBMs, SS-N-23 SLBMs, and the Bear H and Backfire heavy bombers. A number of follow-on strategic systems will also be introduced over the next few years, including the SS-X-24 and a follow-on to the SS-18 ICBM.

The United States is currently producing Peacekeeper ICBMs, B-1B bombers, Trident-class SSBNs, and ALCM-Bs. Defense planning envisions the production by the early 1990s of the Trident II D-5 SLBM, the Advanced Cruise Missile, the Advanced Technology Bomber, and the small ICBM.

Although the Soviets presently have a greater number of strategic systems in production, the President's Strategic Modernization Program entails the development of a production infrastructure which can be adapted to match any major expansion of Soviet nuclear forces before it would have a significant impact on U.S. national security.

The Soviets possess a substantial lead in missile throw weight which could be exploited in any effort to breakout from SALT restrictions. Through greater payload fractionation, the Soviets could use their throw weight advantage to increase the number of warheads deployed on their ballistic missiles. Greater payload fractionation on existing Soviet missile systems, however, would necessarily entail substituting warheads with lesser yields. Thus, while target coverage would improve, the capability of each warhead to destroy targets, especially hardened ones, would be reduced. ———.

Question. Various studies have indicated that in the absence of constraints the Soviets could add between 10,000 and 20,000 warheads in the next decade. What implications would such an increase have on our strategic modernization program? In particular, what would it mean for our efforts to enhance the survivability of our land-based missile leg?

Answer. ———.

Question. I recently returned from a trip to the national laboratories working on the Strategic Defense Initiative. I was impressed by the potential implications of a proliferated threat on the challenges facing SDI. What would be the impact of an increase of 10,000 Soviet warheads on SDI? What would be the impact of an increase of 20,000 warheads?

Answer. An established criteria for effective strategic defenses is that they be military effective. A defense against ballistic missiles must be able to destroy a sufficient portion of an aggressor's attacking forces to deny him confidence that he can achieve his objectives. In doing so, the defense should have the potential to deny that aggressor the ability to destroy a militarily significant portion of the target base he wishes to attack. Furthermore, if a deployed defense system is to have lasting value, technology and tactics must be available that would allow the system to evolve over an extended period, in order to counter any plausible "responsive" threat. Such a robust defense should have the effect of deterring a strong offensive response and enhancing stability.

PROPORTIONAL RESPONSE

Question. The administration has indicated its intention to respond to Soviet treaty violations in a like manner. I would like to discuss some alternative approaches to this policy. A major criticism of the Soviets has been encryption of testing telemetry. Has the U.S. considered a response that would have us exercise a similar level of encryption?

Answer. A Presidential statement concerning U.S. responses to Soviet arms control violations is in preparation and it would be inappropriate to provide details at this time.

Question. We have charged the Soviets with pursuing more than one new type of ICBM. Would development of the single warhead missile as currently planned by the Administration constitute a proportionate response in this area?

Answer. A Presidential statement concerning U.S. responses to Soviet arms control violations is in preparation and it would be inappropriate to provide details at this time.

Question. The Soviets have converted some of the SSBNs they have retired into attack submarines. Has the U.S. examined this option?

Answer. A Presidential statement concerning U.S. response to Soviet arms control violations is in preparation and it would be inappropriate to provide details at this time.

Question. Last year, we used the Poseidon that was dismantled as part of the no undercut policy as a training platform for the nuclear submarine force. Is there a requirement for additional training platforms?

Answer. The Navy requires only one deactivated SSBN to serve as a moored training platform for nuclear reactor operators.

DRYDOCKING OPTION

Question. According to reports, the Administration is considering an option of drydocking two Poseidon submarines as opposed to dismantling them under agreed procedures. What strategic value would this option provide?

Answer. A Presidential statement concerning U.S. responses to Soviet arms control violations is in preparation and it would be inappropriate to provide details at this time.

Question. What would be the cost of drydocking in FY 86 and FY 87? What would be the cost to bring these submarines back into service for any sustained period?

Answer. Generally, it costs between $150 M and $170 M to overhaul a U.S. SSBN.

Question. What would be our response to the Soviets following this procedure for either SLBMs or ICBMs?

Answer. It is inappropriate to speculate on how the Administration would respond to hypothetical Soviet actions.

BOMBER FORCES

Question. Later this year, the U.S. is expected to exceed the limitiation of 1320 MIRVed ballistic missiles and ALCM equipped bombers. What examination is being given to this issue in terms of whether we will take action to remain in compliance with this limitation?

Answer. A Presidential statement concerning U.S. responses to Soviet arms control violations is in preparation and it would be inappropriate to provide details at this time.

[CLERK'S NOTE.—End of questions submitted by Mr. Dicks.]

Mr. CHAPPELL. Mr. Miller.

U.S./USSR TECHNOLOGICAL CAPABILITIES

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Secretary, as a new member of the committee, one of the things that I have picked up, is that when people from the various military branches come in, justifying the budget, we constantly hear that we are ahead in technology. You can sleep well tonight, you are ahead in technology.

On the other hand, they will say, the Soviets are ahead numerically when it comes to tanks and that type of equipment. Yet we have a group of American scientists who participated in the Halley's Comet mission with the Soviet space technology people, and some of them were a little astounded, as I understand, at how far along the Soviets were in space technology.

I am wondering whether your people have had an opportunity to talk with some of those scientists who were in contact with the Soviets, to find out the status of their space technology. Are we taking advantage of this, and discussing the situation with those people who actually participated with the Soviets in the Halley's Comet mission?

Secretary WEINBERGER. I cannot tell you definitely that we are, Mr. Miller, but I assume we are because we regularly try to do that with anybody who is willing to share that information with us, and

I am sure we will. I will make a special point of seeing that we try to get in touch with some members of that group.

But it doesn't surprise me. They have made very great progress, and they are ahead of us in two or three categories of strategic defense, as they have been working on it a long time, and because they are able to hide their work in their kind of society. They are able to persuade quite a few people here that what they want are things that either are a dual use or aren't intended for military advantage, and I think we have lost a great deal because of that.

I still think we have our leads in many of these technological areas, but I think they are eroding. Since it is the only lead we have and our funding is coming into more and more question, in the R&D area as well as others, I think the risk and the danger is very real. I would hope we could arrest that erosion and maintain that lead. It is an enormously valuable capability.

Mr. **Miller**. I have one other question and this relates to Soviet technology. If the situation were reversed, and the Soviets had the air bases in Britain, could they have carried off the raid on Libya that we carried off?

Secretary **Weinberger**. I don't really think so, because I don't believe their people are as good as ours. I don't know that they have all of those capabilities deployed yet although they have a lot of them. Perhaps Admiral Crowe could answer that better than I.

Admiral **Crowe**. I wouldn't disagree with the Secretary's statement. The simple answer is I don't know, Mr. Miller. My instincts tell me they could not. They would have done it with a lot more numbers, but they probably don't have either the fuel tankers or the planning or training necessary.

Secretary **Weinberger**. I doubt if they would have discussed the matter very long with the French, either. I think they would have wondered right straight across Lyon.

Admiral **Crowe**. They couldn't have done the carrier raid.

Mr. **Miller**. They could not have done the carrier raid?

Secretary **Weinberger**. No, they could not. They are three years away from having their first carrier, but they have got two on the way and they will have the ability before long.

Admiral **Crowe**. It will be many years before they can do at sea what we did.

Mr. **Miller**. But we have no intelligence to know how well they can target their bombing?

Secretary **Weinberger**. I don't know that they have those target capabilities. They are unquestionably working on them. They certainly have a look-down shoot-down capability for their fighters. They have got a lot of things, but specifically on all the things we used in that attack, I don't know.

Admiral **Crowe**. ———.

Secretary **Weinberger**. It is a very, very difficult operation, and that is why I think that my initial reaction is I don't think they could have done it because I don't think they have got the people that can do it.

Mr. **Miller**. You don't think that. I don't think I will sleep as well tonight, either.

Secretary **Weinberger**. I don't see any reason for anybody to tell you to sleep well tonight. That could not have been a member of the Department of Defense, because we think there is a great deal to worry about. We have tired to point that out as clearly as we could, and I think it is vital that poeple understand the added risks that we take as we make these cutbacks.

Mr. **Miller**. Of course that is a figure of speech that I am using, but we do have our constituents who ask us many times.

Secretary **Weinberger**. Oh, yes.

Mr. **Miller**. Because they read in the newspaper about how far ahead we are in technology.

Secretary **Weinberger**. Yes.

Mr. **Miller**. Now they get the information back again that our scientists have been participating with the Soviets.

Secretary **Weinberger**. Yes.

Mr. **Miller**. And that some of our people were quite impressed by what they saw. So I guess that is why we should try to get as much declassified information as possible that we can put out to our constituents.

Secretary **Weinberger**. I will see if we have talked with that particular group that went over about the Comet. I assume that we did because it is part of our general policy. We will certainly make sure that it has.

[Additional information follows:]

DoD personnel have researched the allegation that the Russians are ahead of the U.S. in technology related to space systems and their findings indicate that this is not the case. Statements from other members of the Comet Halley Inter-Agency Consultative Group (IACG) who attended the meeting in Russia substantiate these findings.

Mr. **Chappell**. Mr. Secretary, you will sleep better knowing that Mr. Miller wants that.

Mr. **Miller**. I sleep well, Mr. Chairman.

Admiral **Crowe**. I don't, Mr. Miller.

Mr. **Miller**. Thank you.

NAVY ACTIVITY IN LIBYAN SITUATION

Mr. **Chappell**. Let me ask you a general question with reference to the Navy activity. How many planes did you have leave the carrier?

Admiral **Crowe**. Fourteen.

Mr. **Miller**. What kind were they?

Admiral **Crowe**. Attack planes.

Secretary **Weinberger**. We had a lot more.

Admiral **Crowe**. The whole package was much more.

Mr. **Chappell**. Just speak if you would to the Navy's part.

Admiral **Crowe**. I will try. First of all, we had fourteen A-6s leave the carrier. We programmed fifteen and one aborted on the deck.

Mr. **Chappell**. A-7s?

Admiral **Crowe**. A-7s came off with the HARMs. We put up in that general perimeter outside of about ———.

Mr. **Chappell**. Were those cooperating with the F-111s?

Admiral **Crowe**. The E-2s were, so were the SHRIKE and HARM and the CAP. We put ——— off the targets and one ——— to supplement the Air Force strike force. We also had SAR on the carriers and on the USS CORONADO standing by. We had some 50 to 80 planes over the carriers.

Mr. CHAPPELL. How far off the Libyan coast were you with the carriers?

Admiral CROWE. About 150-200 miles. One thing I didn't mention, and I would like to, because there seemed to be some confusion about it a moment ago, that while there was a great deal of talk in the newspapers about the raid and so forth, we went to some effort, and I think we were successful in concealing the time of the raids and the actual targets. Those really never showed up.

Secretary WEINBERGER. Tactical surprise, it really was. They were over the target in a very short time. That is why we did the numbers that we did.

Admiral CROWE. We worked at that.

Mr. CHAPPELL. How many aborts did you have, just one?

Secretary WEINBERGER. We had five, F-111s, yes, that decided——

Mr. CHAPPELL. You told us about the aborts I think on the F-111, but how about the Navy, one Navy?

Admiral CROWE. Three altogether, one on deck and one on each target.

Mr. CHAPPELL. What was it, a malfunction of the aircraft itself or the ——— system?

Secretary WEINBERGER. Again, if it had not been bound by these very tight Rules of Engagement, if it had been as somebody described it a "standard war," these planes would not have aborted. They would have dropped, but they didn't have the precision. I think for a mechanical abort that the planes simply couldn't have bombed at all, it was very much less. I don't think there were more than ——— in that category.

Admiral CROWE. The deck abort was an actual, not the power system, but the others were ——— systems. I think you are right.

Mr. CHAPPEL. Did you hit all the targets you were supposed to hit?

Secretary WEINBERGER. Yes.

Mr. CHAPPELL. How did you assess the effectiveness?

Secretary WEINBERGER. I think it was very, very effective. We had a lot of cloud cover the first few days and we didn't get all the pictures.

Mr. CHAPPELL. Was everything low level?

Admiral CROWE. Yes, everything.

Secretary WEINBERGER. Very low level.

Mr. CHAPPELL. And all of the systems were satisfactory. You don't have any complaints about any of the weapons systems?

Secretary WEINBERGER. No, I think they performed extraordinarily well. We would obviously want to know why the ——— and others didn't work in a couple, but that would still not have prevented them from dropping bombs if it had been anything other than the Rules of Engagement we had.

Admiral CROWE. There may have been a ——— or two that didn't perform. I don't know yet. There was some suggestion of that, but we haven't put the information together.

LIBYAN RESPONSE

Mr. **McDade**. Did you get any surprises?

Admiral **Crowe**. Yes, I think the amount of anti-aircraft fire at the Azizyah Barracks, not missiles but gunfire was very heavy. I don't know that it was accurate. We were suppressing the radars and although they are radar-directed, you don't have to have the radar to fire them, they were all shooting, and we were a little surprised. ———.

Mr. **McDade**. They did?

Secretary **Weinberger**. They did.

Mr. **Chappell**. I notice the Syrians have offered pilots to the Libyans in the future. What do you think of that?

Secretary **Weinberger**. ———.

The Libyans didn't take off.

Admiral **Crowe**. No Libyan air force aircraft of any type attempted to take off during the attacks.

Secretary **Weinberger**. They didn't this time, no, and of course they couldn't get out of Benghazi.

Mr. **Chappell**. Are there any more questions?

Mr. **McDade**. ———.

Mr. **Chappell**. Do we have the information as to what level of equipment they were using as compared to the Soviets? Was it first line of Soviet equipment?

Secretary **Weinberger**. The Libyans? They don't have the latest Soviet fighters, no.

Admiral **Crowe**. Are you talking about the missiles? They have the SA-5, ———.

Secretary **Weinberger**. They have got -2s and -3s in closer. It could have been one of those that did that damage around the French embassy. It is a heavy missile, and it was a very heavy curtain of fire.

Admiral **Crowe**. ———.

Mr. **McDade**. Did we lose a HARM missile that didn't detonate?

Admiral **Crowe**. I don't think we know.

Mr. **McDade**. You don't know? There is something that they are parading on TV.

Secretary **Weinberger**. That was a Freedom of Navigation exercise, and they claim one did not go off that was fired at the SA-5.

Mr. **McDade**. Does it look like they are right?

Secretary **Weinberger**. I don't know. I haven't seen the pictures.

Mr. **Chappell**. Do we think they can ———?

(**Clerk's note**.—Classified insert removed.)

Mr. **Chappell**. Gentlemen, thank you very much. We will have a few more questions for the record.

Secretary **Weinberger**. Thank you.

Mr. **Chappell**. The Committee will stand adjourned until 10:00 o'clock tomorrow.

[**Clerk's note**.—Questions submitted for the record and the answers thereto follow:]

ROLE OF F-111S

Question. The Committee is further advised that on one of the targets for the F-111s where five F-111s were designated to attack, four of the aircraft had to abort.

Which target was it?

What assets at this target were not taken out as a result of these aborts?

Answer. The target you are referring to is the Aziziyah Barracks (aka Tarabulus Barracks/Headquarters) target and, in fact, the plan was to have nine F-111s attack it. Aborts were due to less-than-perfect systems performance. To minimize collateral damage, aircrews were instructed to attack only if all systems were fully operational. For the record, the three F-111s planned against the Sidi Bilal target had no aborts. The six F-111s planned against Tripoli military airfield had one abort prior to the target run.

We do not have specific aircraft vs. individual aimpoint plans here in Washington. In general terms, of the nine aircraft planned to attack Aziziyah barracks, ———. We do not at this time know whether the missing aircraft attacked the target. This means four or five of the planned nine aircraft attacked the target. The loss of the aborted aircraft reduced the number of weapons delivered on target.

weapons delivered on target.

Question. The F-111's have a laser designator carried internally on the aircraft itself. This laser designator is for guiding smart weapons to the designated targets.

A. Does this smart weapons system of the F-111 work equally well under a variety of weather conditions and day and night?

B. Does your post-strike assessment indicate that it was a bomb from an F-111 which struck the French embassy?

C. If so, do you attribute it to a failure of the laser designator?

D. Did any of the F-111s attack in a formation of one behind the other, and, if so, could the initial bomb strikes stir up enough dust and debris in the atmosphere to cause the laser guiding the weapon to malfunction?

Answer A. ———.

Answer B. No bomb struck the French Embassy. The closest damage to the French Embassy was to a building across the street from the embassy. Three bombs from one F-111 probably landed in the vicinity of the French Embassy.

Answer C. ———.

Answer D. ———.

Question. Some have speculated that some of the destruction in the impacted areas may have been caused by Soviet SAMs (Surface-to-Air) missiles. ———?

Answer a. ———.

Question. How successful were the EF-111s in carrying out their jamming mission?

Answer. ———.

NAVY ROLE

Question. Regarding the 12 naval A-6 and A-7 aircraft involved in the operations, the committee is informed that 15 were scheduled to attack but 3 of those had to abort including one which did not take off from the carrier.

Is that accurate?

How many naval support aircraft were launched?

Answer. There were a total of 21 A-6s and A-7s scheduled for the operation. All the support aircraft including the 6 A-7s launched. Of the 15 A-6 strike aircraft that were scheduled to attack, 1 aborted on the carrier and 2 air aborted prior to the target run. ———.

Question. What did your intelligence indicate before the strike in terms of the number of Libyan radar and ground-to-air defense installations at the designated targets?

Answer. ———.

Question. The Committee is informed that a total of 48 missiles were fired to take out Libyan radar installations immediately prior to the actual strike—36 HARMS and 12 Shrikes.

How heavy was the Libyan anti-air fire during the attack?

Do the reports of intense anti-air fire at some of the targets indicate that a significant portion of the HARMS/Shrikes were not successful?

What did your post-attack assessment reveal in terms of the success of those missiles?

Answer. Aircrews reported many SAM launches. Aircrews also reported very heavy Libyan AAA fire.

No. The HARM is specifically designed to counter radar SAMs, therefore even with perfect HARM performance, we would expect heavy anti-air fire in the form of AAA, barrage launches of radar SAMs, and perhaps infra-red SAMs.

Very successful. ———.

Question. Mr. Secretary, there were three aircraft carriers in the Mediterranean for the "Freedom of the Seas" exercise a few weeks ago when Libyan missile boats were fired upon, but only two carriers were there for this much more elaborate operation.

Why is that?

Answer. The 14 April strike was conducted in response to the Berlin disco bombing. Due to the previous public threats by Liba to defend the "line of death," the Freedom of Navigation (FON) exercise conducted 23 to 27 March 1986 involved a probability of a hostile Libyan air and naval reaction. It was conducted at a time of our choosing, and was not related to any external incident. USCINCEUR desired an appropriate naval force for sustained FON operations in the Gulf of Sidra to protect US forces from Libyan air, surface, and submarine threats. After FON operations concluded, the USS Saratoga battle group departed the Mediterranean on 6 April about three weeks behind schedule. Subsequently, the Berlin disco bombing was directly linked to Libya. ———.

LEVEL OF DEFENSE SPENDING

Question. You are no doubt aware that while the Defense Department was receiving the $1.2 trillion in funds over the past five fiscal years that unexpended balances increases quite substantially. These balances were $112.8 billion for FY 1981, $142.2 billion for FY 1982, $172.1 billion for FY 1983, $205.1 billion for FY 1984,

$244.3 billion for FY 1985, $262.4 billion estimated for FY 1986 and $299.7 billion estimated for FY 1987. So as the appropriations have increased so have the unexpended balances. Does OMB or any other government office monitor these large unexpended balances to see if some of these funds can be deobligated and used for other important programs?

Answer. The Office of Management and Budget (OMB), the Office of the Assistant Secretary of Defense (Comptroller), the Congressional Budget Office (CBO) and the staffs of the Appropriations Committees and the Armed Services Committees receive monthly accounting reports which indicate the status of unexpended balances by appropriation and fiscal year program. DoD components monitor their unexpended balances to determine if some of these funds can be deobligated and used for other programs. The military departments and Defense Agencies continually review their obligations and must certify at yearend, according to criteria established in 31 U.S.C. 1501A, that the obligations are valid. The use of deobligated funds for other programs is dependent on the period of availability for which the funds were originally appropriated. If a deobligation occurs prior to the expiration of the period of availability, the funds may, under certain conditions, be used for other approved programs. Deobligated funds may not be used for other programs and are considered lapsed funds, if the period of availability has expired.

Question. Mr. Secretary, do you have any estimate of what balances of funds provided to DoD will lapse at the end of fiscal years 1986 and 1987?

Could you supply for the record the amount of funds that lapsed for the last five fiscal years (FY 1981–85) and your estimates for fiscal years 1986 and 1987?

Answer. In accordance with OMB guidelines, the Department's budget is developed on the assumption that all funds will be obligated within the obligational period of availability. However, the Department has been restricted in executing some of the 1986 programs due to funds being appropriated but not authorized. Some of these funds may not be fully obligated if congressional action is not taken quickly. Additionally, it may be necessary to recognize contingencies required to cover future liabilities of contracts which are not totally completed (i.e., shipbuilding and overhaul programs) when funds expire. These uncertainties preclude the development of a reasonable estimate of lapses.

The amounts of funds that lapsed for the last five fiscal years, including technical reappropriation lapse adjustments are as follows:

DEPARTMENT OF DEFENSE LAPSING BALANCES

[In millions of dollars]

Year	Accounting lapse	Reappropriation	Budget lapse total
1981	1,636	136	1,772
1982	1,376	284	1,660
1983	1,730	483	2,213
1984	2,309	966	3,275
1985	1,683	90	1,773

Question. What checks and balances are now in place which were not in place when the other abuses were found which will better monitor potential financial waste?

Answer. The Department of Defense and the components have been working assiduously to improve the circumstances which permitted the spares "horror stories" to occur. Savings and cost avoidances of $2.5 billion have been attained since the beginning of FY 1984 and through FY 1985. The pressure to institutionalize the spares management improvements will continue into the future.

The spares management checks and balances which have been initiated, reemphasized or strengthened since the occurrence of the spares horror stories and which have permitted these savings/avoidances are: (1) the breakout program (purchasing competitively or from the actual manufacturer rather than the prime contractor) is resulting in lower prices; (2) claims of "proprietary rights" by the contractor are being challenged more aggressively, increasing competitive opportunities; (3) reverse engineering leads to lower prices and, in some cases, more competition; (4) voluntary refunds are sought and obtained by the components; (5) in-depth reviews of "price reasonableness" are conducted where prices may seem suspect; (6) employees are rewarded for their alertness on finding and reporting items the price of which are suspect and their job performance is evaluated on their efforts to achieve reasonable prices; (7) larger, more economical quantities are bought; (8) value engineering is employed and incentives are provided to the contractor who suggests a "better way;" (9) all weapons systems acquisitions are managed using the "streamlining" philosophy which calls for minimum number of specification and standards and specifies to the contractor the "what" and not the "how to" for performance, construction, etc.; (10) industry is sensitive to and alert to the requirement to manage spares more effectively; (11) spares are purchased through the Spares Acquisition Integrated with Production (SAIP) program when it results in lower prices; (12) multiyear contracts are used more; (13) alternate sources are identified for items which had been obtained sole source or for which additional competitive sources are desired; (14) some of the prime companies have real-time data base linkups with the ICPs to permit access to the primes' data bases showing additional sources available to the U.S. Government; (15) modernization of the technical data base repositories of the U.S. Government; (16) actual manufacturers are being identified as a contract requirement; (17) reasonable methods for applying overhead to spare parts are being applied; and (18) contractors are required to certify that the prices are the lowest offered to the best customer.

Question. Mr. Secretary, recently the Packard Commission identified many areas where savings could be realized. How many Packard Commission reforms and savings measures will DoD implement and what will be the timing of the implementation of these reforms?

Answer. The President has directed the Department of Defense to implement the recommendations of the President's Commission on Defense Management where it can be accomplished by executive action. In furtherance of that end a memorandum was issued on April 1, 1986 directing that a series of reports be prepared which would contain recommendations for the implementation of the various sections of the Commission report. These reports are due to be submitted within sixty days. On receipt of these reports we will initiate the appropriate implementing actions. Some of the Commission's recommendations, such as the establishment of the position of UnderSecretary of Defense for Acquisition, require legislative action.

ADEQUATE DEFENSE SPENDING LEVELS

Question. Mr. Secretary, do you believe that the funds provided for the Pentagon in fiscal year 1986 were adequate to maintain our national security?

Answer. The budgetary resources requested by the President for the FY 1986 defense budget were essential to maintain readiness levels and continue our modernization program. The Congress reduced that amount by $35 billion, including Gramm-Rudman-Hollings, which led to a six percent decline in real resources from FY 1985. We have endeavored to implement those reductions in such a way as to minimize the impact on our ability to provide an adequate defense. This was difficult especially since the Gramm-Rudman-Hollings reductions, except for personnel, did not allow us any flexibility. There is no doubt that our readiness levels have been lowered and our ability to maintain our rate of improvement in our long-term modernization program was hindered, as a result of these reductions.

Question. For FY 1986 the so-called 050 function—the defense bill plus the funding for nuclear warheads in the budget of the Department of Energy—received $36 billion less in budget authority than was requested. This consisted of a reduction of $25 billion in the appropriation process and $11 billion in budget authority as a result of the provision in the Gramm-Rudman-Hollings legislation which impacted FY 1986.

Do you believe that the FY 1987 request for defense could absorb a similar adjustment by Congress—that is a reduction in the range of $35 to $40 billion?

Answer. No. The reductions to readiness and modernization required to absorb a $35 to $40 billion reduction from our FY 1987 request would result in an unacceptable level of risk to our security. Also, a second consecutive year of negative growth in the defense budget would undermine our successes to date and hasten the day when we would again have to embark on an expensive rebuilding program resulting from neglect of our defense posture.

Question. How well did OMB "scrub" the FY 1987 defense budget?

Answer. OMB and the Office of the Secretary of Defense (OSD) conducted a joint review of the defense budget. This budget was submitted to OSD by the Military Departments and Defense Agencies in September 1985. It requested $323.4 billion in budget authority. The President's FY 1987 budget requested $311.6 billion for DoD budget authority, resulting in a $11.6 billion budget scrub.

Question. Specifically, what did the OMB cut out from the FY 1987 budget requested by the Pentagon?

Answer. The joint OMB/OSD review of the FY 1987 budget resulted in a $11.6 billion reduction to the Services' request. The reductions included $6.4 billion for lower economic assumptions and $5.2 billion in net program reductions. The budget review consisted of several hundred program budget decisions with both increases and decreases to the original Service estimates.

INCREASES IN THE DEFENSE BUDGET

Question. Mr. Secretary, you contend that the defense budget has been reduced by $181.9 billion for the five fiscal year period of FY 1982-1986. According to the figures supplied by DoD, the Defense Department will receive about $1.3 trillion during this five year period. For the past five years (FY 1981-FY 1985), the Defense Department has received $1.2 trillion in budget authority which equates to an overall increase of 61 percent or an annual average increase of $21.7 billion per year or 12 percent. Would it not be more accurate to say that DoD budgets have not been reduced but they have not been allowed to increase their program as fast as they have desired?

With the increases DoD has received since FY 1981, do you feel the Department has been shortchanged or adversely affected?

Answer. DoD budgets have been reduced in real terms from the original plan. Almost half of the 61 percent increase referred to went for pay and price increases. The percent increase after inflation was about 35 percent. The success of this Administration in reducing inflation has reduced the adverse impact of reductions in the DoD budget. However, of the $181.9 billion reduction during the period of FY 1982-1986, about one-third represents program reductions. It must be noted that the real increase in defense in this period followed a period of steep declines in defense budgets. The DoD budget in FY 1980 was 15 percent below the purchasing power of the FY 1970 budget. The Department has accomplished a great deal with the increases provided by the Congress in the defense budget, but the large reduction in FY 1986 and the possibility of further reductions in FY 1987 will provide a significant setback to the defense buildup in modernization and threaten the sustainability in military readiness.

SHUTTLE IMPACT ON NASA AND DEFENSE BUDGET

Question. When do you anticipate the supplemental request will be submitted to Congress requesting additional launch vehicles?

Answer. The Administration is developing a comprehensive set of programmatic options from which the President will decide. The results of that decision should be conveyed to the Congress in time for action in this session.

Question. Are additional costs associated with the shuttle tragedy such as delays in launching certain payloads, delays in production of payloads and the adapting of existing payloads to be launched from expendable launch vehicles?

Answer. The additional costs associated with delaying satellite launches (e.g. storage), production delays, and dual integration costs to enable payloads to be launched on ELVs are included in the supplemental.

SOVIET MILITARY SPENDING

Question. What valid comparisons in defense spending are made by the Department of Defense to determine the Soviet effort in defense vis-a-vis our own, and how were these comparisons used in constructing the defense budget for FY 1987?

Answer. Estimates by CIA of the size of the Soviet military program in "dollar cost" terms—i.e., what it would cost the US to conduct that program—are useful in giving an aggregated picture of the trend in Soviet activities (otherwise measurable only within narrower categories, e.g., weapons counts), of changes in emphasis among different missions, and of how those activities have compared with our own over time. For example, the Soviet Union's military investment in procurement, construction, and RDT&E—activities that build a long-lasting stock of military assets—was much greater than ours in the 1970s—indicating a broad shift in the military balance that required either greater US efforts or a reconsideration of our strategic objectives. But that comparison cannot by itself establish what the appropriate level of US capability or expenditure is. The US defense budget is designed to achieve the force structure, readiness, sustainability, and modernization that we judge necessary to carry out the military missions inherent in our national security strategy. Thus our spending decisions are guided by more focused analysis of military threats posed by Soviet (and other) forces, and of the requirements of our own objectives.

Question. Please provide for the record a table showing the levels of defense spending in dollars for the last 10 years carried forth by the Soviets, and comparable figures for United States defense spending.

Answer. ———.

BASES IN THE PHILIPPINES

Question. Mr. Secretary, in light of the current change of government in the Philippines, what negotiations have taken place with the new government regarding our bases in that country? When does the current base rights agreement expire? What is your assessment of the probability that we will retain those bases for the foreseeable future? Do you have any estimate what it will cost the United States to obtain a new base rights agreement with the Philippines? Are we considering any options for alternate basing in that area of the world or are you confident that the Philippines will allow us to remain there?

Answer. The next review of the bases agreement is scheduled for 1988. Consequently, we do not anticipate any negotiations until that time. The current agreement becomes indefinite in 1991. After that year, either side can terminate the agreement with one year notice. We are confident that we will retain unhampered access to the facilities for the foreseeable future. Since the base review is not scheduled until 1988, it is premature to discuss the costs associated with a new agreement. At the direction of the Congress, DoD conducted a classified study of basing options. That study was provided to the Congress on March 1, 1986.

NUCLEAR ACCIDENTS

Question. Mr. Secretary, everyone is concerned with the possibility of nuclear accidents throughout the world.

Have there been any nuclear accidents in the last several years concerning the armed forces of our allies?

Answer. To our knowledge our allies have not had any accidents in the last several years involving nuclear weapons or materials. There have been no accidents by our allies involving US nuclear weapons or materials.

Question. Have any United States military nuclear accidents resulted in environmental problems, no matter how remote?

Answer. The 32 United States military nuclear weapon accidents have not resulted in any long term environmental problems. Some of these accidents did cause short term impacts because of the release of nuclear material around the accident site. Most of these releases however, were restricted to the immediate accident area. Only two accidents, Palomares on 17 January 1966 and Thule on 21 January 1968, resulted in wide spread dispersal of radioactive material. Clear-up decontamination efforts, extensive at the two major accidents, have eliminated all environmental hazards to the public.

EXCESSIVE USE OF UNPRICED CONTRACTS

Question. The Committee understands that the Defense Department had approximately $28 billion of unpriced contracts on September 30, 1985, an increase of $5 billion from the previous year. Under such contracts, DoD orders items without worrying about the price. However, when it comes time to negotiate with the contractors on price, DoD has lost most of its leverage.

Mr. Secretary, why have you used so many unpriced contracts?

Answer. Unpriced contracts are used in situations where there is not adequate time or historical pricing information to negotiate firm prices without the potential for such prices including unacceptable pricing contingencies. Some examples would include contracts for initial spare parts for weapon systems, for urgent requirements such as for safety of personnel or equipment and when it is in the Government's interest such as to avoid a break in the production line.

Question. Was this done to obtain higher obligation rates, in order to avoid budget cuts?

Answer. No, it was done for the above reasons.

Question. The Committee understands that the Army has decreased its use of unpriced contracts, while the Air Force has increased them. Why is there a disparity between the Services?

Answer. The Army was first to recognize the problem. The Air Force, Navy and DLA have adopted many of the initiatives put in place by the Army. Effective programs are now in place by the Services and DLA and the backlog of undefinitized contracts was reduced from $27.9 billion on September 30, 1985, to $24.8 billion on December 31, 1985.

Question. Many unpriced contracts are used to procure spare parts. Does this conflict with your spare parts management reforms?

Answer. No, part of the spare parts management reforms is to assure the proper use of unpriced contracts.

Question. We understand that OSD has ordered a 32% reduction in unpriced contracts in FY 1986. What effect will this have on the Department's ability to obligate funds in a timely manner?

Answer. We do not expect this policy to unfavorably impact upon the Department's ability to obligate funds in a timely manner.

Question. How will you implement this policy guidance?

Answer. The policy was implemented by the Assistant Secretary of Defense (Acquisition & Logistics) memorandum dated November 12, 1985, to the Service Secretaries and Director, Defense Logistics Agency.

SDI AND ARMS CONTROL

Question. The stated purpose of the SDI program is to rid the world of the fear of attack by nuclear weapons. Recently, the Soviet Union has proposed arms control steps which have as their conclusion the elimination of nuclear weapons from U.S. and USSR inventories. What rationale for pursuing SDI remains if the Soviet proposal is accepted by the U.S.?

Answer. Despite the sweeping nature of Secretary Gorbachev's proposal of January 16 and recent propaganda pronouncements, the Soviets have yet to demonstrate that they recognize that the elimination of nuclear weapons must be done in a manner consistent with the overall requirements of strategic stability and of our common security. The Soviet proposal calls for a contrived and unacceptable ban on the development, testing and deployment of so-called "space-strike arms." Such a ban would effectively put a halt to the U.S. SDI research program in spite of the fact that the Soviets themselves have been deeply involved for years in strategic defense programs. This ban on "space-strike arms" continues to be a precondition for reductions in nuclear offensive arms. In responding to Gorbachev's proposal, we restated our strategic concept for reaching the agreed goal of eliminating nuclear weapons. We pointed out, that unlike the Soviet approach, the U.S. concept took account of the potential role of effective defenses in achieving this objective. Effective defenses could reduce the military utility of offensive nuclear forces and thereby facilitate reductions in existing offensive nuclear arsenals. In addition, if conditions eventually permit the elimination of nuclear weapons, effective defenses would underwrite security in a world where nuclear weapons could not be "disinvented."

Question. Is it your opinion that the Soviets have made a serious proposal?

Answer. The Soviet nuclear arms control proposal isn't really new at all—it contains a large number of self-serving and unacceptable elements which are the same or similar to earlier Soviet positions. These as well as new preconditions raise serious questions whether the Soviets are indeed prepared to work toward early progress where there is common ground, as called for in the joint statement issued by President Reagan and General Secretary Gorbachev after their November 1985 meeting.

Question. What involvement have you had in analyzing and responding to that proposal?

Answer. One of my responsibilities is to advise the President on such matters. My staff and I were closely involved in analyzing and responding to Secretary Gorbachev's 16 January proposal.

DOD ASSISTANCE TO DRUG INTERDICTION

Question. Mr. Secretary, participation by the Department of Defense in the drug interdiction program has been of special concern to the Congress and especially this Committee. Would you briefly explain the roles and missions which DoD is currently performing, and what plans you have for the future?

Answer. While the primary mission of the Department of Defense is to defend the nation against potential military adversaries, the Department is very pro-active in supporting civilian agencies as a by-product of our wartime mission and training activity as mandated by Congress.

The Department of Defense provides substantial assistance to civilian agencies under 10 U.S.C. 371–378. The law has codified procedures for loaning military equipment and sharing criminal information with civilian law enforcement agencies. Further it allows the military to assist civilian agencies by monitoring air and sea traffic outside the United States.

The Military Services are providing surveillance of U.S. border areas by various means. Some examples of this assistance are as follows:

Navy E–2C, Air Force E–3A, and Marine Corps OV–10 aircraft provide air surveillance for the Customs Service along the Atlantic, Gulf Coast, Southwest and Pacific borders.

The Army "Hawkeye" and "Groundhog" training initiatives provide border aerial reconnaissance and ground radar surveillance data along portions of the Arizona border.

Information and intelligence gathered incidental to Army and Marine Corps field training exercises conducted in border regions is being provided directly to the Customs Service and Border Patrol. Data includes individual and vehicular information as well as aerial detection of low-flying aircraft.

Such field activities are corrdinated through the National Narcotics Border Interdiction System to maximize collateral support to law enforcement agencies. Additionally, DoD lends specialized equipment, including night vision devices to civilian law enforcement agencies. Such devices provide effective surveillance of vehicles and personnel under low-light conditions.

The Department of Defense remains committed to providing such assistance in the future, and looks forward to new initiatives to counter the threat of illicit narcotics consistent with military preparedness.

Question. In the conference report accompanying the fiscal year 1986 Defense Appropriations Act, the Department was directed to configure one AC-130H-30 aircraft for the drug interdiction mission. Can you tell us what is the status of this aircraft?

Answer. Senator DeConcini and Congressman English have suggested an alternative plan that would incorporate the initial concept contained in the enabling legislation i.e., for a full time drug interdiction "organization" within the DoD, but which broadened the base of participation and the type of resources to be put into the new program. This plan is an outgrowth of concerns within the Air Force, the Joint Chiefs of Staff, and the National Drug Enforcement Policy Board over the designation of the AC-130 stretched variant aircraft for the drug surveillance mission. This new alternative plan has been staffed within the Pentagon. In addition, the Office of Management and Budget has recommended a National Drug Enforcement Policy Board review of the alternative plan due to the potentially significant budget implications on non-Defense agencies and programs. OMB believes that review of the plan by the Policy Board would be in keeping with the intent of Congress in creating the Board.

Question. The conference report also recommended that the Department begin to budget for follow-on drug interdiction aircraft like the AC-130H-30. Has the Department budgeted for follow-on aircraft, and if so, how much and what type?

Answer. As indicated in the answer to the previous question, the AC-130H-30 initiative has been put on hold while we analyze the Senator DeConcini/Congressman English alternative plan in further detail.

DOD PROFIT STUDY

Question. Mr. Secretary, last year your office completed the Defense Financial and Investment Review, which has become known as the DoD Profit Study. Briefly, highlight the major conclusions of the study and discuss what actions are being contemplated by the Department?

Answer. The Defense Financial and Investment Review (DFAIR) project contained several reforms for better integrating the Department's contract financing and profit policies. Right now, our policies are not fully responsive to changes in the economic environment. We intend to completely overhaul the way contracting officers determine mark-up on defense contracts. This not only involves greatly simplifying the method we now use but also introducing other key factors such as the extent of financing we provide on defense contracts. DFAIR recommended reducing the amount of mark-up currently awarded to contractor indirect costs. DFAIR also recommended more differential in the mark-up awarded for capital assets employed; we currently give the same award for land as we do manufacturing equipment. With respect to progress payments, the Department has already lowered the rate from 90 percent to 80 percent in April 1985. We have no plans for increasing the progress payment rate at this time.

We have delayed taking action on the DFAIR report for almost a year while we awaited results on our request to the Packard Commission to review the report. It appears that they will not include it within the scope of their review. Congressional hearings had also been scheduled for last September but were later cancelled. The reforms recommended by DFAIR are very important and should be implemented without further delay. Therefore, we are presently in the process of developing an action plan which begins the processes for change.

GIVING COMFORT TO THE SOVIETS

Question. Mr. Secretary, during the debate in December on passage of Gramm-Rudman-Hollings, you were quoted in the news media as saying that such passage would "give comfort to the Soviets." Subsequently, you were quoted as saying that such a statement was "not authorized."

What did you say?

Answer. At a news briefing on December 10, 1985, Mr. Robert P. Sims, the Assistant Secretary of Defense (Public Affairs), said with reference to Gramm-Rudman that "it would be sending a message of comfort to the Soviets. . . ."

In an interview on the McNeil Lehrer News Hour on December 12, 1985, the question was asked what was meant by the expression "comfort to the Soviets"? The reply at that time was as follows:

> What Mr. Sims was referring to was the fact that a major reduction in American defensive expenditures at this time could be viewed by the Soviets as a lack of will, lack of resolution, etc. We have made now over five years of steady improvements and increases in defense investment and we've obtained very great strength as a result of that. The President has said many times that Mr. Gorbachev listened a lot more attentively at Geneva because of our increased strength. We don't want to lose the benefits of that and we will resume next year. That is an expression of the Congress' assigning the very highest priority to deficit reduction.

Question. Now that Gramm-Rudman-Hollings has become law, do you believe the Soviets have derived comfort from that fact?

Answer. We cannot see into the Soviet mind, so it would be pointless to speculate on whether or not they have derived comfort from Gramm-Rudman. Since we are their major antagonist in the world, however, we must assume they are concerned about the level of our defense effort. Gramm-Rudman has already resulted in cuts of some $13.6 billion in our FY 1986 new budget authority and unobligated balances, and has the potential for requiring much larger cuts in future years. We must presume, therefore, that such a major reduction in our defense effort could be viewed by the Soviets both as indicative of a lack of resolve on our part and as making easier their efforts to achieve military superiority.

Question. Do you believe that reductions the Congress may make in your FY 1987 request will give comfort to the Soviets?

Answer. Major reductions in our FY 1987 budget could be viewed by the Soviets as a lack of resolve on our part and would make easier their efforts to achieve military superiority.

TEST OF SOVIET ASAT SYSTEM

Question. In its action on the fiscal year 1986 appropriation, the Congress prohibited spending funds for testing an ASAT weapon against an object in space unless the Soviet Union does so. Does it appear that the Soviets intend to carry out such a test in the foreseeable future?

Answer. The significant issue is not when the Soviets will test their ASAT system in the foreseeable future, but the fact that they already have tested a dedicated ASAT system in the past. The practice of prohibiting testing of the U.S. ASAT against objects in space absent any Soviet testing of a dedicated ASAT system places the future of our program in Soviet hands. We need to test our system now, while the Soviets don't. As you know, the Soviets have had an operational co-orbital ASAT system for more than a decade. They have already proven its effectiveness. In 1982, a test of this system was integrated into an exercise of Soviet strategic offensive and defensive forces. In addition, they have the nuclear-armed GALOSH ABM interceptor deployed around Moscow with an inherent ASAT capability and ground-based lasers which may be able to damage some of our satellites.

Question. What steps have you taken to ensure that this Congressional prohibition is obeyed?

Answer. It is the intention of the Department of Defense to comply with the Congressional prohibition (Public Law 99-190) which prohibits the Air Force from testing the MV ASAT system against an object in space during Fiscal Year 1986. The MV ASAT program has been restructured so that no tests against an object in space will be conducted within Fiscal Year 1986 unless the President certifies that the Soviet Union has conducted a test against an object in space of a dedicated anti-satellite system. We have notified Congress of our intention to comply with the restriction on several previous occasions.

Question. Is it your opinion that testing against a point in space, as opposed to an object, is permissible?

Answer. The statutory limitations on ASAT testing of the fiscal year 1986 DOD Appropriation Act have been interpreted by the Air Force and DOD General Counsel. They construe the term "against an object in space" to be a limitation on the scope of the restriction with the result that tests other than those against objects in space are not prohibited. These other tests include tests designed to direct the ASAT weapon to a point in space and tests of the infrared sensing device conducted by aiming at a star.

Question. Does the Department intend to perform ASAT tests against points in space? Please elaborate.

Answer. Following the Congressional prohibition on testing of the MV ASAT against an object in space, the Air Force recommended that the program be reoriented to continue the free flight testing of the system in space against the radiant energy of a star. The two planned flight tests will provide important performance information on the MV ASAT's infrared sensors as well as operational altitude capabilities. These tests will be similar to a test carried out on November 13, 1984, when a previous limitation to prohibit a test against an object in space was in effect; many members of Congress were aware of our actions at that time.

Question. Provide an ASAT testing schedule for the remainder of FY 1986 and for FY 1987.

Answer. In order to accommodate the Congressional restriction on MV ASAT testing, the Air Force recommended that during

Fiscal Year 1986 it carried out two "infrared probe" tests and these tests are now planned in ——— 1986 against the radiant energy of a star. The Offices of the OSD and Air Force General Counsels agree that the limitation on testing against an object in space in the FY 1986 Appropriations Act will not apply to FY 1987 appropriations. Therefore, the Air Force has also planned three ASAT tests in Fiscal Year 1987 against the Instrumented Test Vehicles (ITV) prior to making a production decision.

UNOBLIGATED SETASIDE

Question. The fiscal year 1986 appropriation identified and set aside $6.3 billion in prior year unobligated balances. These funds may be used only for five specific purposes and only after standard reprograming procedures have been followed. What plans do you have for the use of these funds?

Answer. The FY 1986 DoD Appropriations Act directed the transfer of $140 million for the Coastal Defense Augmentation account and $852.1 million for the Mariner Fund from the $6.3 billion of prior year unobligated balances. The FY 1986 column of the FY 1987 budget reflects proposed transfers from the $6.3 billion in prior year unobligated balances to Military Personnel and Operation and Maintenance appropriations:

	Millions
To be transferred to Coastal Defense Augmentation	$140.0
To be transferred to Mariner Fund	852.1
To be transferred to fund part of the military pay raise of Oct. 1, 1985 and to fund retired pay accrual [1]	4,487.5
To be transferred to O&M for increased readiness of conventional forces	827.5
Prior year unobligated balances made available by FY 1986 DOD Appropriations Act	6,306.9

[1] At the present time plans include $1.599.4 million for the military pay raise. The balance of $2,888.1 million is for retired pay accrual assuming Congress will not complete action on the retirement reform legislation before Sept. 30, 1986. If enactment of retirement changes occurs before Sept. 30, 1986, the transfer requirement will be reduced. However, the Department has no way of knowing which version currently being considered by the House and Senate will prevail or when such action will be completed.

Note.—Subsequent to the transmission of the budget, $309.0 million of these balances was sequestered as a result of the report of the Comptroller General of the United States to the President and the Congress, as required by the Balanced Budget and Emergency Deficit Control Act of 1985. Subsequent to both the transmittal of the budget and the Secretary's testimony on Apr. 21, 1985, $114.5 million was proposed by the President for rescission in Rescission No. R 86-81, 82, and 83 to offset increased for the Philippine Economic Assistance Supplemental.

ALLOCATION OF GENERAL REDUCTIONS

Question. Mr. Secretary, in the course of enacting the fiscal year 1986 appropriation, numerous "general reductions" were made in the procurement and research and development appropriations. Some of these reductions were suggested by your office as part of the $4 billion reduction while others were made as part of the authorization/appropriation process. What instruction or guidance did your office give to the Services in allocating those reductions to specific R-1 or P-1 lines?

Answer. No specific guidance or instruction was provided to the Services which detailed or directed how the general reductions were to be allocated. The distribution was made at the Services' discretion to minimize programmatic impact. With regard to the Defense Agencies, a decision was made by DoD to exclude certain

National Foreign Intelligence programs and all Strategic Defense Initiative programs from the general reductions because of their high priority. There were no instructions or guidance provided to other Defense Agencies in allocating the reductions.

Question. If such guidance or instruction was in written form, please provide a copy for the record.

Answer. No such guidance or instruction exists.

Question. Many of the reductions resulted from adjustments in inflation assumptions. The intention of the Committee was that there be no programmatic impact from these reductions. Was this intention fulfilled in allocating the general reductions? If not, provide a list for the record of all instances where an inflation reduction caused a change in the approved program, the nature of the change, and an explanation.

Answer. To the best of our knowledge, the inflation reductions have not resulted in adverse programmatic impact.

PUBLIC RELATIONS COSTS

Question. Section 911 of the Department of Defense Authorization Act for fiscal year 1986 requires the Secretary of Defense to prescribe regulations on "allowable costs" that can be charged to Defense contracts. Legislation was needed to tighten up on contractor abuses, such as charging the costs of "dog kennels" to the Government.

One area affected by the new legislation is the cost of "public relations." The House Government Operations Committee conducted hearings in 1984 where the Defense Contract Audit Agency indicated that defense contractors are charging over $140 million annually in public relations costs to defense contracts.

Mr. Secretary, has the Defense Department revised its regulations on "allowable costs" to implement the new requirements of the 1986 Authorization Act?

Answer. Yes, revised regulatory coverage was published in the Federal Register on Wednesday, April 9, 1986. The revisions as published are based upon the requirements of Title IX, Section 911, and Title XV, Section 1534, Public Law 99-145.

Question. Specifically, what changes will be made in the area of unallowable "public relations" costs?

Answer. FAR 31.205-1, (formerly "Advertising Costs") has been retitled "Public Relations and Advertising Costs" and includes a list of unallowable costs. Examples of these costs are:

(1) Costs of air shows and other special events, such as conventions and trade shows, including—

(i) Costs of displays, demonstrations, and exhibits;

(ii) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and

(iii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, etc.

(3) Costs of sponsoring meetings, symposia, seminars, and other special events when the purpose is other than dissemination of technical information or stimulation of production.

(4) Costs of ceremonies such as corporate celebrations and new product announcements.

(5) Costs of souvenirs, models, imprinted clothing, buttons, and other mementos provided to customers or the public.

(6) Costs of memberships in civic and community organizations.

Question. Do you expect to achieve savings as the result of closing the "public relations" cost loophole?

Answer. Savings are expected because the new cost principle makes certain costs specifically unallowable that were previously treated as allowable costs under the controlling Armed Services Board of Contract Appeals decisions. Examples of such unallowable expenditures include air shows, conventions, trade shows, souvenirs, models and other giveaways, and promotional materials designed to call favorable attention to the contractor and its products or services.

Question. How much does DoD estimate will be saved annually in the area of unallowable "public relations" costs as the result of its new regulations?

How does this compare to the findings of the House Government Operations Committee in its 1984 report (#98-1107)?

Answer. The information on contractor expenditures used by the House Government Operations Committee in its 1984 report was based on a DCAA survey of contractor expenditures during 1982 and 1983. The DoD does not have a current estimate of savings that will result from the new cost principle on public relations since it is applicable only to negotiated contracts entered into after April 7, 1986. Also, the period of performance of major contracts usually extends over a period of several years.

The savings resulting from the new regulations may not be as large as implied by the findings in Report #98-1107. The estimate of $140 million included in that report was based on all types of public relations expenditures identified in the DCAA survey. It should be noted that not all public relations costs are unallowable, however, owing to the lack of a clear definition, it has not been possible to accurately and consistently distinguish between allowable and unallowable costs. The new costs principle now clearly makes this distinction, therefore some types of costs included in the previously reported total of $140 million will be considered allowable while some others will be unallowable. Examples of such costs include the costs of (i) responding to public inquiries on company policies and activities, (ii) communicating with the public, press, stockholders, creditors and customers, (iii) conducting general liaison with news media and Government public relations officers to keep the public informed on matters of public concern, and (iv) plant tours and open houses. Except for the above types of costs, the savings that will be realized should compare favorably with the findings of Report #98-1107.

Question. What specific reductions to the Services fiscal year 1987 budget estimates were made by the Office of the Secretary of Defense to capture savings that will accrue to DoD as a result of new policy restrictions on allowable costs.

Answer. No specific reductions were made based on implementation of the new regulations. A review of the types of unallowable costs such as trade shows, models, promotional materials, etc. indicates that the savings will not be significant compared to the total contract value.

DEFENSE PRINTING REQUIREMENTS

Question. Mr. Secretary, we are aware that the Public Printer, at the Government Printing Office, has certain initiatives to encourage Federal agencies to take maximum advantage of GPO commercial procurement contracts. Also, the new GPO electronic publishing procurements are now saving very substantial tax dollars. We would like know what plans you may have to increase you reliance on GPO commercial procurements for both printing and electronic publishing. Please provide details for each of the services, agencies and departments within DOD.

Answer. The Department of Defense relies heavily upon commercial procurement through the Government Printing Office for a majority of its printing requirements. Printing managers throughout the Department maintain close cooperation and working relationships with GPO officials to ensure that DoD printing needs are procured through GPO contracts to the maximum extent possible, consistent with mission accomplishment, relative cost, and other pertinent factors. Some examples of the kinds of progress made recently in GPO commercial printing as well as initiatives taken in electronic publishing are as follows:

The Air Force has consistently relied upon the private sector, through Government Printing Office contractors, for the major portion of its printing requirements. In Fiscal Year 1985, for example, printing purchases amounted to $48,530,587, or 69.2% of printing requirements. In 1984, Air Force identified an increase in printing procurement of almost 12 percent projected by the end of Fiscal Year 1986, with a corresponding reduction of 49 positions and savings of $1.1 million. Additionally, the Air Force has initiated an Automated Administrative Publications Program through the Government Printing Office. The final specifications are now in coordination, and a Request for Proposal will be issued by the Government Printing Office soon.

The Navy Publications and Printing Service (NPPS) plans to procure as much printing and electronic publishing products as possible through GPO commercial procurements. During FY-85 NPPS procured 72 percent or $97,000,000 of its printing requirements from the private sector. The vast majority of this work was done through the GPO and continues a trend of increasing reliance on private industry. The record on commercial printing procured between FY-80 and FY-85 shows an increase of $28,200,000 or 41.2 percent. Some ongoing Navy plans to increase reliance on GPO commercial procurements include:

Working with the Joint Committee on Printing and the GPO to determine if procurements currently accomplished on Blanket Purchase Agreements can be more effectively accomplished through the GPO.

Supporting the recently opened GPO Satellite Procurement Offices in Charleston, SC and San Diego, CA.

The Army currently obtains approximately 65% of its field printing requirements from GPO commercial procurement sources. Moreover, in cooperation with the Joint Committee on Printing and the Public Printer at GPO, the Army led the way in contracting for electronic publishing. In February 1984 a GPO contract was awarded for support of Army administrative publications. Under this contract, high-speed printing and circulation services were integrated with electronic composition services. This first of a kind integrated service contract is referred to as Program 400-S for UPDATE publishing.

The 400-S concepts have been expanded to support Army-wide training literature, maintenance publications and on-site demand printing of local products through the establishment of another GPO printing service contract called Program 600-S. When implemented, the 600-S should result in considerable improvements in publishing techniques by conserving time and manpower as documents are revised for initial authorship, through verification, final publishing and, especially, through subsequent revision. Greatly expanded ability for effective use of typographic composition in the formation of printing products is a particularly significant feature in 600-S which, in conjunction with the feature of full systemic integration, will realize significant savings over the present total system costs.

MILITARY PERSONNEL ISSUES

Question. Does the fiscal year 1987 budget contain a pay raise for members of the military services?

If so, what is the percentage raise being requested?

What is the total dollar amount associated with the pay raise?

Answer. The President's budget requests approval of a four percent military personnel pay raise effective October 1, 1986. The FY 1987 cost is estimated at $2,611.4 million.

Question. Does the fiscal year 1987 budget contain a revision to the military retirement system? If so, what are the changes? If not, when will the Administration submit a revised military retirement plan to Congress?

Answer. The FY 1987 budget reflects the estimated impact of retirement system changes that we anticipate Congress to enact in FY 1986. Other than the FY 1987 Cost-of-Living (COLA) freeze reflected in the budget, no further changes are anticipated from those enacted in FY 1986.

Question. Does the fiscal year 1987 budget contain a freeze on pay and/or hiring for federal employees?

Answer. No, the FY 1987 President's budget request includes a 3.0 percent pay increase for civilian personnel effective on January 1, 1987. As has been done historically, the funding required to finance the civilian pay raise is included in the Defense-wide Contingency account and not in the Components' individual appropriations. The Department of Defense FY 1987 President's budget does not include a freeze on hiring. The Department has balanced mission requirements to funded workload.

MILITARY RETIREMENT REFORM

Question. The fiscal year 1986 DoD Authorizatioin directed DoD to submit legislation to change the military retirement system to save $2.9 billion. The 1986 Continuing Appropriations added pressure by requiring the Department to reduce military personnel after May 1, 1986, if military retirement reform is not passed by

Congress. This would have to be done in order for DoD to achieve to obligation limits in the authorization act.

The Senate and House Armed Service Committees have different legislation pending to reform military retirement. However, both include a "grandfather" clause to exempt those currently in uniform from the changes.

Since the Services are close to or exceeding their 1986 budgeted military strengths due to favorable recruiting and retention, the retirement changes don't seem to be causing many people to leave or discouraging them from joining. Do you agree?

Answer. By cutting retirement entitlement in the manner being considered, the changes cut into the muscle of our forces. By our estimates, the military services would sustain about an eight percent reduction in the five to twenty year segment of the enlisted force, or a return to the same level of manning in these experience levels which, in the late 1970s, created a "hollow" Army, made gaping petty officer shortfalls in the Navy, and gutted our combat strength. In the last five years, we have made historic strides in rebuilding our strength—by retaining those experienced members with between five and twenty years' service who are the backbone of our force. Cutting out the very strength of the force will create tremendous pressure to attract significant numbers of new volunteers to replace those shortages and we will have to live with that understrength until replacements can be trained and given experience.

Question. Because the House version retains the curent retirement benefit for those who serve at least 30 years (75% of salary, based on high-3 years), won't this actually encourage servicemen to serve longer and increase the knowledge and readiness of the forces?

Answer. The notion that more people will serve longer in the 20 to 30 years of service segment of the force to make up for the losses in the 5 to 20 year segment is not borne out by objective analysis. Our estimates show that of those who get to the 20 year point, more would stay to 30. The problem is that the cuts in the 5 to 20 year force are so severe that not enough get to 20 to let us make up for the loss. In fact, we estimate that there would be about 30 percent fewer members than we have today in this segment of the force that is supposed to be increased.

Question. We understand that if retirement reform legislation is not enacted by May 1, 1986, you will release from obligation 330,000 active duty members and 170,000 Reserve and National Guard members. Is this true?

Will they all be released on May 1, or will it be a gradual process?

How long will it take to release from duty all these service members?

Answer. On April 29, 1986, the Congress enacted H.J. Res. 220 that again provided temporary relief from the drawdown requirement until June 1, 1986. However, we will have to release a significant portion on June 1, 1986, plus accomplish other management actions for the remainder of FY 86, such as curtailing accessions, delaying promotions, releasing members early, accelerating retirements, and generally constraining the management of the force both stateside and overseas.

In November 1985, the DoD proposed reasonable legislation that would grant by-month relief from the constrained authorized obligations we now face. That proposal would permit us to manage the force without turbulence and would provide the Congress the opportunity to consider the military retirement subject objectively and without the threat of impairing our sustained readiness capability. We believe that pending proposal is prudent and should be enacted.

GI BILL/NAVY SEA COLLEGE PROGRAM

Question. It has come to our attention that despite the fact that the Administration has proposed the cancellation of the New GI Bill in fiscal year 1987, the Navy is planning on its continuation. The Navy plans to implement a Sea College Fund program similar to the Army College Fund, in fiscal year 1987. Since the New GI Bill is the legislative vehicle for supplemental education benefits, why is the Navy planning for the Sea College Program in Fiscal Year 1987?

Answer. The Navy requires the program now to offset continuing recruiting difficulties. Implementation of the program is not inconsistent with the Administration's proposed legislation to terminate the New GI Bill since the Sea/College Program could be continued under the Veterans' Educational Assistance Program (VEAP) by providing a "kicker" with the basic VEAP benefit.

Question. Has there been both Office of the Secretary of Defense (OSD) and Office of Management and Budget approval for the Navy Sea College Fund? Please provide copies of the OMB concurrence and direction for the implementation of this program.

Answer. The Navy's Sea/College Program was approved by the Office of the Secretary of Defense (OSD). Since PL 98-525 specifically empowers the Secretary of Defense with approval authority for such programs, formal concurrence from OMB was not required.

Question. Is there any concern that the implementation of the Navy Sea College Fund will have an adverse effect on the recruiting abilities of the other Services?

Answer. Before approving the program, the merits and possible negative impact of the Sea/College Program on the other Services were carefully considered. We believe that the Sea/College Program will have a market expansion effect and attract high-quality individuals into the Navy that otherwise would not enlist in the military. Accordingly, we do not anticipate any effect on the recruiting ability of the other Services.

TROOPS IN EUROPE

Question. In the interests of maintaining control over military growth and spending, Congress imposes a limitation on the number of troops that may be stationed in the European theatre. The 1986 limitation is 326,414 with a one-half of one percent flexibility to be used at your discretion. Have you used this flexibility?

Answer. This authority will be available for the end of FY 1986. We do not yet know whether we will need to use the authority on September 30, 1986.

Question. The Department has argued against this ceiling on European troop strengths because it limits flexibility and does not allow full manning of new systems. Is reducing the military commitment to our European allies the only way that we can reduce the troops strength in Europe?

Answer. The U.S. force presence in Europe is an integral part of our NATO defense commitment. It is unrealistic to believe that we could somehow fulfill our commitment to NATO or maintain an adequate security posture at a lower cost to ourselves by withdrawing forward deployed forces from Europe.

As we learned from two World Wars in this century, the defense of Europe is vital to the defense of the United States. In the event of an actual war in Europe, we are far better off with our forces forward deployed.

The Soviet Union continues the significant buildup of its conventional forces. They have sought to widen the numerical advantage they hold in nearly every conventional force category by producing major weapons at rates exceeding those of the U.S. and our NATO allies. Although we do not have to match the USSR and its allies weapon for weapon, the buildup of Soviet forces and the marked improvement of Soviet equipment are matters for serious concern.

Each time this issue has been comprehensively examined, the results have shown that forward deployment is the most cost-effective way of meeting our security commitment. The most recent major analysis of this subject was discussed in the Secretary of Defense's annual report for FY 1984. That study analyzed a range of scenarios for redeploying forces from Europe to the United States and identified the costs or savings associated with each. The telling point was that all of the scenarios calling for rapid return of forces to Europe in an emergency would require net increases in total obligational authority (from $3 billion to $19 billion).

The Secretary is determined to maintain close control over military growth in Europe. The USCINCEUR has been given an enhanced role in managing the military strength in Europe. The Secretary's staff and the Service staffs are devoting increased attention to holding the line in Europe. We will make every effort to keep our European troop strengths at a minimum level, with or without the ceiling, necessary to meet the threat and our commitments.

Question. One way that U.S. troop strength in Europe could be reduced is more burden-sharing on the part of our allies. Has allied burdensharing increased in the last four years?

Answer. During the past four years allied defense efforts have showed considerable improvements. On a weighted composite basis total defense outlays in real terms have increased nearly 8%. The allies are implementing the INF decision on deployment of intermediate range nuclear weapons, have agreed to a substantially increased infrastructure program, and are making increasing efforts to improve their conventional defense capability. Between 1971 and 1984, real allied defense expenditures increased by about 30% while US expenditures increased by about 12%. On the other hand, while the allies have been making increased efforts they have not matched the increases by the United States of about 31% in the last four years.

Question. Do you believe that the increased interest in burdensharing may be attributable to the ceiling on US troops in Europe?

Answer. No, not specifically. Many developments have raised European concerns about burdensharing. Certainly Congressional interest has had some impact—as reflected, for example, in Congressional actions requiring the "Burdensharing Report", the ceiling, and the Nunn and Quayle amendments on defense cooperation. Other actions such as the increases in the overall US defense effort, the out-of-area and Conventional Defense Improvements [CDI] initiatives, and an enlarged infrastructure program, have all heightened European awareness of burdensharing issues and of the need for all to do more to ensure an adequate deterrent against the growing threat.

READINESS AND TRAINING

Question. Mr. Secretary, this Committee has been very supportive of the Department's efforts to improve the readiness of our conventional forces by increasing both the amount and quality of training. Of course, this has not come cheaply, as evidenced by the growth in the O&M accounts from over $46 billion in fiscal years 1980 to the requested amount in fiscal year 1987 of almost $86 billion. Mr. Secretary, can you give us some examples of what readiness improvements have occurred as the result of these large increases in funding? For example, the growth in average flying hours per pilot and average steaming hours per ship from fiscal year 1980 to 1986.

Answer. First, it should be understood that training is only one of many functions supported by the Operations and Maintenance accounts. Secondly, with a few exceptions, training activity levels have increased modestly over this period. For example, ship steaming days per quarter in the non-deployed fleets, which are engaged mainly in training, have remained very close to the Navy's goal of 29 days. Naval tactical air and anti-submarine warfare flying hours per crew per month, budgeted at 25 hours for FY 1986 are one hour per month above the hours flown in 1980. The most significant operating tempo increase since FY 1980, in Air Force tactical air flying hours per crew per month, amounts to 3.4 hours or almost a 22% increase. The increases that have taken place are critically important in assuring that our forces have adequate opportunities to train properly and are ready and capable of doing their assigned missions. But the most significant change in military training since 1980 is in the quality of training activity, especially through the development and use of improved ranges. Tactical Air Force sorties in RED FLAG exercises are up from 15,000 to 22,000 per year. The Army's National Training Center, which was in the early stages of development in 1980, is now providing the most challenging ground-force training available anywhere to 28 battalions per year. The availability and use of instrumented air-to-air combat ranges—Navy, Marine Corps and Air Force—are on the rise. The use of simulators to augment training in primary weapons systems has also increased. The result of these improvements, in the judgment of our senior military officers, is that our forces are better trained and more ready than ever before. This judgment has been borne out dramatically by the highly professional performance of our Naval and Air Force units in action in Libya.

Question. How would you compare the readiness of today's forces with those of 1980?

Answer. We are often asked this question in one form or the other. When answering, it is important to focus on the larger issue of overall military capability rather than limit the answer to readiness. This is because readiness is only one aspect of overall military capability. With that in mind, the overall military capability of our forces has increased significantly since 1980. However, overall military capability must not only be compared to earlier periods but also to changes in the capabilities of the Soviet Union and other potential adversaries. Unfortunately, the Soviet Union and others continue to increase their military capabilities. So even though, we have made significant improvements in the last five years and have a much more capable force now than we had in 1980, we cannot rest on our laurels.

Question. In your statement you discuss further increases in training and operating tempos in fiscal year 1987. Considering the growth in training and the improvements in readiness that have already occurred, why do you feel further increases are warranted?

Answer. As noted in the statement to the Subcommittee, "With this budget, we will be able to maintain the readiness and sustainability improvements made to date and make modest further improvements in the ability of our forces to accomplish mission objectives." Ship steaming days and Army ground operating tempos do not increase from FY 1986 to FY 1987, nor do Navy and Marine Corps flying hours for tactical air and anti-submarine warfare crews. Flying hours for Army and Air Force tactical aircrews will increase from one-quarter to one-half an hour per crew per month but will remain below required flying time for full readiness as computed by the Services. These modest increases will raise the level of assurance that our aircrews can succeed and survive in the combat situation that they must be ready to face.

Question. Can we expect further improvements in readiness commensurate with the proposed increase in funding for training and operating tempos?

Answer. Most operating tempos are not programmed to increase significantly from FY 1986 to 1987. There are, however, increases in some of these activities. Notably, Army and Air Force tactical air flying hours will increase one-quarter to one-half an hour per crew per month. These increases are important because they allow Army and Air Force aircrews to accomplish more of their required training. The gain in readiness will be fully commensurate with the minor increases in operating tempos.

Question. What would be the impact if we held the training levels to fiscal year 1986 levels?

Answer. In most cases, operating tempos budgeted for FY 1987 are no higher than for FY 1986. Small increases are proposed in flying hours per month for Army and Air Force tactical aircrews. While these increases amount to less than one-half an hour per crew per month, they are important because the budgeted hours will still be short of the amount required to complete essential training. If these training activities were to be held level, these planned improvements in training would not occur. The payoff from better training is greater force readiness. A minor decrease in training may be the difference between success and failure in combat.

DEPOT MAINTENANCE

Question. Mr. Secretary, we are receiving reports that the proposed budget for fiscal year 1987 does not fully fund the depot maintenance program, and that there will be a financial backlog of work to be performed.

Why are you underfunding depot maintenance?

Answer. In the current fiscally constrained environment the Department is forced to make difficult choices concerning the funding levels of many different programs. In making these difficult choices, the Department has attempted to strike a reasonable balance in the funding levels in support of depot maintenance and many other programs. Striking this balance frequently means that some requirements may go unfunded.

Nevertheless, the Department remains committed to adequately funding depot maintenance requirements and believes that the funding levels requested in the FY 1987 President's budget will adequately fund the Department's depot maintenance programs. The presence of small depot maintenance backlogs does not mean that the Department has abandoned its goal of minimizing the impact of such backlogs. As we formulated the FY 1987 President's budget, it just was not possible to fund all of the Department's requirements within the fiscal resource levels available. The FY 1987 President's budget requests funding for approximately 99 percent of our estimated depot maintenance requirements. This compares favorable to requested funding levels of only 95 percent in both the FY 1985 and the FY 1986 President's budgets.

Question. Is this an indication of things to come in the O&M accounts, where the Department is unable to fully fund for the operation and maintenance of all the new and improved weapon systems purchased over the past five years?

Answer. No. The Department believes it has, and will continue to, adequately fund operation and maintenance costs in support of new and improved weapon systems. In a fiscally constrained environment, however, it is just not possible to fully fund all of the Department's requirements. In this environment, the Department attempts to fund, to the maximum extent feasible, each of those programs considered essential to accomplish DoD's missions. This approach recognizes that the marginal costs of funding the last one or two percent of requirements for any particular program may outweigh the marginal benefits or that the marginal benefit to DoD may be greater from another program. In funding its programs, the Department strives to achieve a reasonable balance of adequate funding levels for each of its essential programs rather than fully funding only some essential programs at the expense of other essential programs.

Question. In past years, the Committee has questioned the Department about the O&M bow wave associated with the large increases in procurement, and we were assured that the outyear budgets would take care of the requirements. How can you justify any further increases in procurement and R&D, when you can't even fully fund the amounts you need to keep your existing equipment running?

Answer. The Department believes that it has adequately funded, and will continue to adequately fund, its operation appropriations to ensure that existing equipment will be kept running. Depot maintenance backlogs should not, by themselves, be viewed as an indication that the Department cannot, or will not, adequately support existing inventories of equipment. The FY 1987 President's budget requests funds to support approximately 99 percent of our estimated depot maintenance requirements. This funding level is up from approximately 95 percent in the FY 1985 and FY 1986 President's budgets. The Department has seldom requested funding levels in excess of 99 percent of its estimated depot maintenance requirements. Thus from a historical perspective, the FY 1987 President's budget represents an increase in the relative funding levels requested by the Department in support of its depot maintenance programs.

LEGISLATIVE LIAISON ACTIVITIES

Question. Both the House and Senate have long-standing, mandatory policies requiring that legislative liaison support to the Appropriations committees be accomplished through the Comptroller organization, rather than through the Department's other legislative liaison activities which are not financially oriented. In its reports in 1983 and 1984, the Committee gave explicit instructions to the Department to preclude integration of such activities "organizationally or physically." These recent instructions were provided as a result of improper lobbying activities conducted by the Air Force (documented by the General Accounting Office in its report B-209049 in September, 1982) and subsequent efforts by the Air Force to physically colocate its Comptroller legislative liaison office (AF/ACBME) with the legislative liaison office (SAF/LL). A recent information paper provided to the Committee by the Office of the Secretary of Defense surprisingly shows that only half of the officers assigned to the Air Force Comptroller legislative liaison office have financial management career fields, while the Army, Navy, and OSD follow 100% manning policies (except for Guard and Reserve advisors).

Mr. Secretary, please explain why you have exempted the Air Force from following the Committee's policy requiring a dedicated Comptroller legislative liaison function?

Answer. While it is true, that there have been proposals to combine the Appropriations liaison offices within the Service Comptroller organizations with their Legislative Liaison counterparts, none have ever been implemented. In the case of the Air Force, although these offices are physically located in the same proximity, they retain their individual identity and unique command structure. We believe we have complied with the Committee's directions, and it is our intention to continue to require a dedicated Comptroller liaison organization to service the Appropriations Committees.

Question. Why is the policy understood and followed by OSD, the Army, and the Navy, but apparently ignored by the Air Force?

Answer. The Committee's policy of maintaining a dedicated Comptroller legislative liaison function is recognized and accepted by the Department as directive in nature, and we intend to insure that it is observed. The Air Force, in attempting to maximize its talent and resources, elected to locate the Budget Liaison office physically near their Legislative Liaison counterparts, but this move had no bearing on the determination to maintain separate offices.

Question. It its 1983 report, the Committee designated the Assistant Secretary of Defense for Legislative Affairs to be responsible for approving all legislative liaison positions in the Department, excluding those assigned to Comptroller organizations, in order to preclude the type of situation that has evidently now evolved in the Air Force. Did OSD ignore the Committee's policy, or is the Air Force ignoring OSD's policy?

Answer. On the contrary, we are complying with the committee's instructions. Annually during budget preparation, the Services requests are reviewed by OSD and any changes must be totally justified and approved before being incorporated into the President's budget submission. We believe that this procedure has had a positive impact on controlling manpower positions while insuring adequate resources are available to perform this vital and essential function.

Question. Provide for the record the career field specialty codes and English titles for each military officer currently assigned to the Comptroller legislative liaison offices which are assigned to deal with the Appropriations Committees. (Include officers who are currently assigned to such offices but who may relocate within the next seven months.)

Answer. The following chart displays the career speciality codes and English titles of all military officers assigned to the Comptoller liaison offices.

Organization	Grade	Speciality Code	English Title
OSD	0–5	44	Finance.
		45	Comptroller.
Army	0–6	13	Field Artillery.
		45	Comptroller.
	0–5	13	Field Artillery.
		45	Comptroller.
	0–5	44	Finance.
		45	Comptroller.
	0–4	67	Medical Services Corps.
		67c	Health Services Comptroller.
Navy	0–5	1110	Surface Warfare Officer.
		0031	Financial Management.
	0–5	1310	Aviator.
		0031	Financial Management.
	0–5	3415	Financial Management.
		0302	Infantry.
Air Force	0–6	0096	Resource Manager.
		0056	Comptroller.

Organization	Grade	Speciality Code	English Title
Air Force	0–5	0076	Plans & Programming Officer.
		0056	Comptroller.
	0–4	1816	Missile Staff Officer.
		0056	Comptroller.

It should be noted that in addition to the above assigned officers, the Air Force has three officers who are colocated and perform the comptroller legislative liaison function but are assigned to other officers within the Air Staff. In light of their duties and responsibilities however, they are counted against the comptroller legislative liaison funding limitation even though they are not assigned to the Comptroller's office.

Question. Is the Department capable of implementing a standard DOD-wide policy that requires Comptroller legislative offices to be 100% manned with officers who have a Comptroller or financial management career speciality, in order to comply fully with the clear intent and long-standing policy of both the House and Senate Appropriations Committees?

Answer. Our review of Appropriations Committees' instructions has failed to uncover any direction that would require either the Assistant Secretary of Defense (Legislative Affairs) or the Special Assistant to the Assistant Secretary of Defense (Comptroller) to dictate or regulate the assignment of military officers to congressional liaison positions based on career fields. In this regard, the Department's policy has always been that professional development be monitored and maintained by those officials responsible for career enhancement. These officials, along with the gaining organization, must ultimately have final approval of who is best qualified for a particular job.

Question. Does the Office of the Secretary of Defense recommend that the Appropriations Committees solve this problem with a legislative solution?

If not, what is our alternative?

Answer. We believe it would be inappropriate and unrealistic for the Appropriations Committees to legislate officer assignment policy for these positions. This would be a precedent that could lead to additional impediments to sound career development policy. We feel such action could deprive these organizations of some extremely talented and capable officers who, in the past, have provided a wealth of information and experience otherwise unavailable to more financially-oriented officers.

Question. Provide for the record the Pentagon room numbers of each Service's Comptroller legislative liaison office, and the other legislative liasion office.

Clearly indicate those Services whose Comptroller legislative liaison office is physically adjacent to its other legislative liaison office.

Answer:

Organization	Position	Room No.
OSD	ASD (Comptroller)	3E822
	Special Assistant to ASD(C)	3D841
	ASD (Legislative Affairs)	3E966
	OASD (Legislative Affairs)	3D918
Army	Comptroller	3A716
	Budget Director	3A662
	Budget Liaison	3A652
	Chief of Legislative Liaison	2C631
	Office of Legislative liaison	2C638
Navy	Comptroller	4E768
	Director of Budget & Reports	4C736
	Budget Liaison	4C742
	Chief of Legislative Liaision	5C760
	Office of Legislative Liaison	5C840
Air Force	Comptroller	4E128
	Director of Budget	4D131
	Budget Liaison	5D911
	Chief of Legislative Liaison	4D927
	Office of Legislative Liaison	5D926

PENDING LEGISLATION WHICH WOULD AFFECT CIVIL SERVICE RETIREMENT

Question. Presently, when a federal employee retires, the precise amount of money he or she paid into the retirement fund over the years of government service is not taxed when received as retirement pay.

However, the House has passed a tax reform bill which includes a provision to tax upon retirement, the funds an individual has paid into the retirement fund over the years. The Senate passed version does not include this provision.

How extensive do you think that retirements of DoD civilian personnel would be if such legislation is adopted in conference and passed?

Answer. It is difficult to estimate, but we can certainly expect a significant increase in the number of retirements as a result of the legislation. We believe, however, that with proper planning and preparation, mission operations can continue with minimal disruption.

Question. Provide details for the record on the number of DoD civilian personnel who are eligible for retirement but continue to work.

Answer. Approximately 100,000 employees, or 10 percent of the DoD work force, are eligible to retire. Historically, approximately 30 percent of those eligible actually do retire.

Question. Does your 1987 budget assume a "normal" retirement rate for civilian personnel?

Answer. Yes, there was no assumption made in formulating the FY 1987 budget to accelerate the rate of retirement for civilian employees.

AUTOMATIC DATA PROCESSING

Question. In OMB's publication entitled Management of the United States Government for Fiscal Year 1986, a "major initiative" was announced to require the concept of return-on-investment for all automation projects. Specifically, OMB stated:

> The concept of return on investment is being instituted with senior agency managers, a minimum 10% return of investment will be required for all automation projects, and tracking systems will be used to capture subsequent returns.

When asked how this initiative was being applied to DoD ADP systems, DoD testified last year:

> The Defense Department agrees with the concept of a 'return-on-investment' in information technology acquisitions. The Administration's fiscal year 1986 management initiative concerning a minimum of a 10% return is still being developed by OMB. We have not been involved in the policy formulation on the derivation of the 10% return factor, however, when established the 'return-on-investment' concept will be applied to DOD ADP purchases. Since this policy has not been formally implemented, no programs have had this criteria applied.

Has OMB formally implemented its "major initiative" announced last year concerning ROI for automation systems? If not, why not? What is the target date for implementation?

Answer. OMB has issued a series of Bulletins aimed at stimulating planning to ADP use. In Bulletin 85-12, "Federal Information Systems and Technology Planning," issued last year, OMB required plans for and cost-benefit analyses of planned major ADP systems. Bulletin 86-12, (same title) issued on April 14, 1986 requests an update of plans for our major information systems, and indicates that ROI information will be required in instructions for preparing the FY 1988 President's budget.

Question. Has the DoD FY 1987 ADP budget been "scrubbed" by OMB to ensure compliance with your new policy?

Answer. Each system in our FY 1987 request was scrubbed within the Department against numerous criteria. An important one is ROI. However, we also justify systems based in whole or in part on non-financial criteria, such as legislative mandate, criticality to mission, and ability to perform a mission. The OMB review of our budget includes large ADP investments.

Question. When will OMB submit its reports to Congress as required by House Report 99-332, Page 34?

Answer. We are not aware of the date of an OMB submittal.

Question. What tracking system has OMB established for DoD ADP systems?

Answer. OMB tracks our systems in a number of ways: through normal budget requests submitted in the fall of each year; through materials required by Section 43 of OMB Circular A-11; through listing of major systems and plans for large investment in those systems required by OMB Bulletin 85-12; and through other materials required for OMB's annual *Five Year Plan for Meeting the Automatic Data Processing and Telecommunications Needs of the Federal Government.*

Question. What role does OMB play in reviewing the requirements and funding of DoD major automated information systems?

Answer. As listed above, OMB reviews our requirements and funding in many ways, and against many requirements.

THE PROCUREMENT BUDGET

Question. Mr. Secretary, the fiscal year 1987 procurement budget is $95.8 billion. This is $26.6 billion, or 22 percent less than the fiscal year 1987 projection in the fiscal year 1986 budget. Yet, the procurement quantities are, for the most part, the same as projected. In some cases, like the F-18, F-16, and A-6E, the quantity is even higher. How is it that your are able to afford a "business as usual" procurement budget for 22 percent less than you thought it would cost last year?

Answer. The $26.6 billion difference between the FY 1987 procurement budget and the FY 1987 projection provided with the FY 1986 budget reflects lower inflation and a reprioritization of procurement programs to remain within budgetary constraints. In response to the improved inflation forecast for FY 1987, nearly $4.2 billion was deleted from the budget request. The remaining $22.4 billion reduction was not achieved without reducing program scope. While procurement quantities in a few programs such as the F-18,. F-16, and A-6E were increased, these programs represent the exception rather than the rule. Overall, the number of programs which sustained quantity reductions far outnumber the programs which were increased. Several major programs such as the DIVAD system and T-46 trainer aircraft program were terminated. Prior year assets were utilized to accelerate the Battleship Reactivation program from FY 1987 to FY 1986. Many other programs were reduced or rephased. In the area of missile procurement, both strategic and tactical procurements were affected. For example, the FY 1987 budget request reflects reduced quantities of PEACEKEEPER (−27), TRIDENT II (−6), Stinger (−2,950), Laser HELLFIRE (−6,576), and PHOENIX (−215) missiles, Shipbuilding programs were rephased as evidenced by the deferral of one CG-47 AEGIS Cruiser, twelve LCAC Landing Craft and one MCM Mine Countermeasures Ship from FY 1987. Aircraft procurements experiencing reductions include the HH-60 Helicopeter (−25), the AV-8B Harrier (−5), and F-14A/D (−3). Other major procurement programs which were rephased include the MK-48 Torpedo, COPPERHEAD, and M88A1 Recovery Vehicle. To assert therefore that the FY 1987 procurement budget accommodated a 22 percent reduction while maintaining a "business as usual" posture is incorrect.

Question. What reductions were made in order to fund major hardware items at the programmed level, and still absorb a $26.6 billion reduction?

Answer. As discussed in the response to the first question, program reductions and terminations were required to absorb the $26.6 billion reduction and, hence, the programed level was not fully achieved.

Question. Why were these reductions made rather than major program stretch-outs or terminations?

Answer. Several major acquisition programs, were terminated including the DIVAD system, T-46 trainer aircraft, MK-67 Mobile Mine program and the T-34C Trainer aircraft. Program stretchouts occurred in such significant programs as the PEACEKEEPER missile, CG-47 AEGIS Crusier, TRIDENT II missile, the F-14A/D aircraft, the LCAC Landing Craft, AMRAAM missile, SM-2 ER missile, and E-6A aircraft programs.

Question. Unlike recent years, procurement no longer claims the largest budget increase. On a Gramm-Rudman-Hollings adjusted basis, the increase is 3.3 percent, compared to 9.6 percent for Milpers, 14.6 percent for O&M, and 24.8 percent for R&D. Why is the procurement increase so small compared to other categories of the budget?

Answer. The relative increases for each title reflect the prioritization by the Military Services to satisfy competing readiness, sustainability, and modernization requirements within constrained fiscal resources.

Question. With the rapidly increasing R&D budget, will we not face an unaffordable "bow wave" as items now in development enter procurement in the future?

Answer. The increase in the R&D budget should not create an unaffordable "bow wave" in procurement for two reasons. First, the R&D budget sponsors research into competing technological alternatives, and only the best, most feasible technological approach will eventually be considered for full production. Second, the current defense plans have anticipated the introduction of major acquisition programs currently in development and have accommodated them within projected resources.

NAVY ACQUISITION POLICY

Question. Mr. Secretary, on November 20, 1985, the Secretary of the Navy approved a significant change in the Service's acquisition policy which requires industry to provide all production tooling and test equipment, and which increases competition as well as the use of cost ceilings for major contracts.

Do you agree with this new policy?

If so, when can we expect the other Services to implement a similar policy?

Answer. It is not unusual for a new policy to be applied in a limited number of cases until we see in actual experience how well it is working. Navy has negotiated a number of contracts containing the new provisions with several industry firms. We intend to evaluate the performance of those contracts over a period of time before considering DoD-wide implementation.

CONCURRENCY IN WEAPON SYSTEM ACQUISITION

Question. Mr. Secretary, the weakness of the "buy-before-you-test" philosophy has been revealed over the past year by the extreme technical failures, at great taxpayer expense, of the Army's DIVAD air defense system and the Navy's SUBACS combat system.

Has the Department revised its policy concerning concurrency between development and production?

Given the aforementioned failures, isn't such a reassessment justified?

Answer. The Department has not revised its policy concerning concurrency. We continue to strive for a balanced approach that allows for prudent risks to be taken when threat considerations or other circumstances warrant. However, our policy does not imply that development and production are entirely end-to-end events. Preparations for production must be conducted during development and the detail design must include producibility files and supportability features if a smooth transition from development to production and deployment is to take place. This kind of concurrency is essential and is supported by a recent GAO report on six case studies which disclosed that the programs which failed to execute production preparations, termed producibility engineering and technical planning, were in fact the programs that encountered early deployment difficulty. The Department has an acquisition initiative "Transition from Development to Production" and a supporting DoD Directive and Manual implementing the principles entailed. A technical risk assessment and progressive reduction of remaining risk during development is key to successful system introduction. Initial production articles are recognized as part of the development effort and are necessary to prove the tooling and manufacturing processes as well as confirm the articles meet technical performance. PL 98-94 and DoD internal procedures require an independent operational assessment prior to full production release.

Sgt. York (DIVAD) did not fail because of concurrency per se. The program did not recognize the integration risk of using previously developed components in a different, highter stressed, and more demanding environment. Maximum flexibility was given to the contractor to trade off system characteristics within fixed performance parameters. This hands off management approach was not conducive to updating the system's capability to meet changes in the military threat.

We would not characterize SUBACS as an extreme technical failure or an example of a "buy-before-you-test" philosophy. SUBACS was envisioned as a three-phase pre-planned product improvement program. When the development contract for the first phase was awarded, we recognized certain areas of risk and directed a restrictured test plan. As the development progressed, it became apparent that the original plan could not be executed and Navy examined several alternatives before selecting the replan option we have approved. It would be wrong to conclude on the basis of the SUBACS experience that all DoD development should be done sequentially. Neither do we have a policy of concurrency that amounts to a "buy-before-you-test" philosophy. Rather, we should continue to strive for a balanced approach that allows benefits and risks to be weighted and a judgment to be made on a case-by-case basis as to the amount of concurrency that is prudent. Ideally, we would also fund alternative options to protect a fallback position when we embark on a development program that contains known risks in order to attain a needed capability.

EFFECTIVENESS OF THE DSARC PROCESS

Question. The Defense Systems Acquisition Review Council, or DSARC, process provides a formal mechanism by which the Department's top management reviews and approves major weapon systems programs at critical milestones. In essence, DSARC provides the approval structure behind the acquisition process.

In a recent summary of its work on the effectiveness of the DSARC process, the DoD Inspector General observed the following:

None of the 16 major weapon systems reviewed . . . have fully complied with the provisions for timely submission of all program documentation as prescribed.

They further concluded that 60 percent of the systems reviewed were using accelerated acquisition strategies in noncompliance with DSARC policy, which reduces oversight and decision-making through the DSARC process.

Apparently there are systemic problems in making the DSARC process work as it is designed to. Why does the DSARC processs not have adequate implementation controls?

Answer. The IG report you mention went on to say in the next sentence: "However, we did note improvements in overall conditions since our Phase I review". We see no systemic problems in the DSARC process. The paperwork we request of the Services is to aid in the decisionmaking process at given milestone points in the development of a weapon system. In addition to the paperwork, we ask the Services to present verbal briefings addressing major issues that the OSD staff has uncovered. It is, of course, impossible for the IG to audit a briefing that occurred in the past. In certain cases, some of the paperwork is not submitted on time but the information needed for the basis of a decision is obtained before the decision is made. One cannot conclude that these are systemic problems in the process.

Question. What steps is your office taking to improve the effectiveness of this process?

Answer. The Packard Commission has recommended that the DSARC be replaced by the Joint Requirements and Management Board (JRMB). We are in the process of implementing that recommendation and are confident that some of the changes planned will improve the effectiveness of our decisionmaking process for major weapon acquisition. We expect an increased number of accelerated acquisition strategies to be reviewed by the JRMB since the Packard Commission has also pointed out that the normal acquisition cycle required to develop a major weapon is unreasonably long.

SUBMARINE ADVANCED COMBAT SYSTEM

Question. Mr. Secretary, in 1983 you approved the Navy's plan to accelerate procurement of the Submarine Advanced Combat System (SUBACS) by six years, which resulted in the planned procurement of over 20 systems before any large-scale testing. The GAO has recently stated that this decision contributed to major problems in the eventual development of SUBACS, and they recommended that you personally approve the significantly restructured program before it is implemented. Is it your intent to review and approve the current SUBACS plan prior to implementation of that plan? When is that approval expected to occur? Have you personally been involved in SUBACS restructure decisions thus far?

Answer. The Defense System Acquisition Review Council (DSARC) was briefed on the restructured program in June 1985. A formal DSARC review was held in March 1986, following contract negotiations with the prime contractor. The DSARC is expected to forward a formal recommendation in early May 1986 for the Secretary's decision.

[CLERK'S NOTE.—The Navy approved implementation of the restructured SUBACS program plan on August 8, 1985.]

HOSPITAL SHIPS

Question. Mr. Secretary, Congress, several years ago, provided over $530 million to procure two hospital ships, which we are told represent the world's largest hospitals. Delivery of the first ship is scheduled late this year, with some optimism that delivery could be this June. Once delivered, what do you intend to do with these ships? Has any decision been made, and if not, is one forthcoming?

Answer. Plans for peacetime employment of the first hospital ship, USNS *Mercy* (T-AH 19), have not changed. The ship will be placed in reduced operating status, catergoy 5 (ROS 5), i.e., available for deployment within 5 days. The operating systems of the ship will be maintained in readiness for this quick response. The ship's crew will be on board or quickly available. The hospital will be in cadre, its systems ready for activation prior to arrival in the ship's area of operations. Currently, planning for augmentation of the hospital cadre envisions active duty medical personnel from naval hospitals, or, if time allows, naval reserve medical personnel. Alternative uses for the hospital ships could include training programs for graduate medical education, participation in military exercises, aid for victims of natural disasters, and humanitarian service. This last concept is particularly interesting but still in the earliest phase of study. The plan for the hospital ship's use will be furnished to the Congress before October 1, 1986.

MX

Question. The Congress has capped at 50 the deployment of MX missiles in Minuteman silos. The possibility remains that additional deployment may be agreed to, provided that a more survivable basing mode is found.

Do you agree that a total deployment of 50 MX's is sufficient for our strategic deterrent needs?

Answer. Absolutely not. The Department has stated repeatedly that the 100 Peacekeepers recommended by the Scowcroft Commission are urgently needed.

Question. What efforts is the Department funding to find a different, survivable basing mode for MX?

Answer. We are funding efforts to look at a number of options, including hardened silos, shallow tunnels, and carry hard basing modes.

Question. Does it appear likely that such a mode will be found before MX production has been completed.

Answer. We consider it highly likely that a mode or modes offering enhanced survivability will be presented to Congress before Peacekeeper production has been completed.

AMRAAM

Question. The problem-plagued AMRAAM program continues to be of great concern to the Congress. Last year, the budget request of $366.5 million to procure 90 missiles was revealed to be premature—the third such occurrence in three successive budgets. Eventually, the Congress provided $150 million for AMRAAM procurement for the purpose of qualifying a second source, and on making producibility improvements in the missile. What is the status of qualification of a second source?

Answer. There are five elements key to having Raytheon qualified as a second source producer of AMRAAMs and we believe Raytheon is making good progress in each of these areas. First, they have 99% of all the documentation required from Hughes to enable them to build the 15 qualification missiles. Secondly, they were awarded contracts for the above and below missile chassis special test equipment (STE). Through these contracts, Raytheon will have built, verified and certified STE necessary for the manufacture of missiles. Also, the final assembly and checkout (FACO) test station equipment was delivered to Raytheon from Hughes in November 1985 and is now operational. Thirdly, the theoretical and practical training from Hughes is proceeding on schedule. Fourthly, Raytheon has already received two Full Scale Development (FSD) missiles and is scheduled to receive the other three missiles from Hughes in the next couple of months, all of which are instrumental to their training. Lastly, the letter contract between Raytheon and the government to fund 15 qualification missiles was signed in November 1985 for $15.2 million. This money was used to initiate long lead vendor items and to start qualification of Raytheon as a maker of large scale integrated (LSI) circuits and hybrids. The government is currently negotiating this contract with Raytheon since it requires definitization by May 1986. We expect Raytheon to execute the qualification program so as to allow them to compete with Hughes by Lot III (FY 1989 procurement).

Question. What producibility improvements are now being pursued, and when will they be available?

Answer. The Air Force selected the following proposals from the two contractors because we believe they will have the greatest payoff potential:

Radar Frequency (RF) Processor
Inertial Reference Unit
Seeker Sum and Difference
Control Fins
Radome
Traveling Wave Tube
Actuator
TDD Electronics/RF Head
Filter Processor
Transmitter/Electronic Control Unit (ECU)
Digital Range Correlator
AMRAAM Data Processor
Rocket Motor
Seeker Gyro
Seeker Antenna
Target Detection Device (TDD) Antenna
Safe and Arm
Control Section
Remote Terminal
Microwave Assembly
Input/Output Device
Intermediate Frequency (IF) Receiver
Analog Range Correlator

The AMRAAM Producibility Enhancement Program (APREP) changes are an integral part of the overall production cost reduction effort that resulted in the cost cap of $5.2 billion (FY 84 dollars) for the Air Force's 17,000 missiles ($7.0 billion for the combined Air Force/Navy quantity of 24,000 missiles). The Air Force expects to award contracts to both Hughes and Raytheon to start the design effort for the APREP projects by May 1986. The plan is to incorporate these into production Lots III and IV (FY 1989 and 1990 procurements respectively).

Question. Authorization action prohibited spending AMRAAM advance procurement funds until Production Readiness Review Number Four was completed. When will the results of that review be available?

Answer. The AMRAAM Production Readiness Review Number Four is scheduled to take place at the Hughes Aircraft Company Tucson, AZ facility during the week of 28 Apr. 86. Once completed, the report must be written and the results briefed through the Air Force before those results are formally transmitted to the Congress to meet the requirements of the law of the release of the advance procurement funds. We expect this to occur by mid-Jul 86.

Question. The current prime contractor, Hughes Aircraft Company, has been acquired by General Motors. Do you anticipate any problems or delays being introduced as a result?

Answer. The Air Force does not anticipate any problems or delays resulting from the takeover of Hughes Aircraft Company by General Motors. In fact, the Commander of the Air Force Systems Command has been in contact with the Chairman of the Board of General Motors (GM) and the ground has been prepared for a positive exchange of information and expertise between Hughes and GM, especially in the area of manufacturing. Some of these exchanges have already begun. As a result, we expect that the GM influence will be a positive one.

Question. Technical and producibility problems aside, the very high cost of AMRAAM has been a matter of great concern. Particularly in a current atmosphere of high deficits and budget reductions, programs which are both controversial and expensive must be carefully scrutinized. Do you believe that AMRAAM is affordable? What is the current estimate of the cost of AMRAAM acquisition? What means are available to ensure that the cost does not rise over your estimate?

Answer. The Air Force believes very strongly in the affordability of AMRAAM. The Air Force will have $100 billion invested in our fighter aircraft; we believe it is quite affordable to leverage this high investment with the approximately $8 billion we plan to spend on the AMRAAM RDT&E and procurement. All of our analysis indicates significant increases in effectiveness with regard to enemy kills and a sharp reduction in our fighter losses as a result of being equipped with AMRAAM.

The current estimate to acquire AMRAAM, as documented in the FY 87 President's Budget Request, is $972 million for RDT&E and $6.9 billion for missile procurement (then year dollars). (The procurement funds are equivalent to the $5.2 billion in FY 84 dollars certified by the Secretary of Defense to Congress on 28 Feb. 86.)

The production cost cap ensures that the program production cost will not exceed $5.2 billion in FY 84 dollars. We believe that we can acquire AMRAAM with missile performance in accordance with the established requirements and stay within the projected budget, provided Congress authorizes and appropriates funds for AMRAAM in the amounts and on the schedule requested by the Administration—an essential first step in keeping within the cost cap. We have this confidence since the production cost estimate is most thorough and contains a significant degree of conservatism with potential for even further savings than we have taken credit for. Specifically:

1. AF only took credit for 75 percent of the estimated producibility cost savings.
2. AF assumes a 15 percent profit factor when contract experience suggests 8 to 12 percent is more representative.
3. Certain higher risk producibility projects are being pursued that the AF has not taken savings credit for.
4. A potential management initiative to further reduce costs is possible if the maximum production rates are increased from 3000 per year to 3750 per year.
5. Another possible management initiative would be to do a multi-year buyout for the last production years.
6. Emerging technology such as Very High Speed Integrated Circuits (VHSIC), improved memory devices, and increased use of robotics in manufacturing has potential for further cost reductions.

Based on these arguments, we are confident that we can remain within our estimate.

T-46

Question. Mr. Weinberger, the Secretary of the Air Force's Report states that the current Air Force primary trainer, the T-37, has "recognized operational deficiencies and safety concerns." It also states that you propose to cancel the T-46, which is to replace the obsolete T-37, "due to fiscal constraints". Mr. Weinberger, why is the Defense Department apparently willing to continue using a trainer (the T-37) which has operation deficiencies and safety concerns? We have some correspondence sent to the Chief of Staff of the Air Force, who was "shocked" to learn that:

Only 86 percent of the 110 ejections from T-37 aircraft have been successful; unsuccessful means fatalities.

The T-37 crew is out of the "ejection envelope" 20 to 70 percent of the time, depending on the mission.

During summer, the peak flying season, the T-37 routinely flies with only one of two engines.

In light of these statistics, how can we afford not to get on with the T-46 program immediately?

Answer. Primarily because of budget constraints, we have had to delete T-46 funding from the FY 87 budget. Alternatives to address current trainer aircraft deficiencies are under continuing review. One option is to modify the T-37 aircraft to extend its service life, increase its performance and solve related concerns under a wider range of temperatures and flight regimes. In the interim, we will continue to stress the safety programs which have resulted in an Air Training Command accident rate of 0.4 mishaps per 100,000 flying hours for the last five years and 1.4 mishaps per 100,000 flying hours for the history of the T-37. As a comparison, the Air

Force overall average for 1985 was 1.5 mishaps per 100,000 hours which was the safest year in Air Force history.

Question. The current Air Force 5 year plan (FY 1987-1991) is to buy 1,590 new fighter aircraft, and increase of 258 aircraft from last year's plan. Mr. Secretary, how can the Air Force afford to buy more fighters—which cost at least 3 times as much as trainers—but no trainer aircraft for their pilots?

Answer. The Air Force must procure sufficient fighter aircraft to provide our tactical and strategic air defense forces with both the quality and quantity necessary to counter an increasingly capable threat. The T-37 has been, and remains an excellent vehicle for training our pilots to man those fighter aircraft. While it would be desirable to procure a near-term replacement for the T-37, budget constraints force us to defer procurement of a new trainer.

Question. The report indicates that you have a shortage of T-37s due to "aircraft losses and foreign military sales." How could any alternative other than purchase of new aircraft—such as the T-46—even be feasible?

Answer. Potential aircraft shortages must be considered as part of our decision as we continue to review the need for a T-37 replacement. Purchasing the T-46 would have resolved any concerns we have in this area. However, the austere budget environment has forced us to defer replacing the T-37. We will continue to draw on available Air Force T-37 assets until a final solution can be reached.

Question. The T-46 is less expensive to operate than the current T-37. The Air Force has told us that a one-year slip in the IOC (initial operating capability) of the T-46 would cost $78 million. If Congress adopts the Air Force proposal to terminate the T-46 program, what would be the earliest date that a T-37 replacement would be fielded? How does this compare to the original T-46 IOC date? How much would the slip cost?

Answer. We have not yet determined our final approach to T-37 replacement, which we feel we must defer in the current fiscal climate. Until we have a reprocurement data package for the T-46 and have regained budgetary flexibility to produce it, it will be impossible to estimate IOC dates or relative costs.

B-1B BOMBER

Question. What is the Administration's position on the need for more than 100 B-1B aircraft?

Answer. It has been the administration's position that we do not support acquisition of more than one hundred B-1Bs. Rather, we have consistently advocated deployment of those aircraft, while proceeding with development of the Advanced Technology Bomber (ATB).

The success of this two-bomber approach is now being demonstrated as B-1Bs are being delivered and the development phase of the ATB is well underway and progressing on schedule. As you know, we have just completed a Bomber Force Structure Study for the Congress. Its conclusions reflect that our current approach to modernizing our strategic bomber force is the most prudent, cost effective course of action. Therefore, it remains our position that we do not intend, now or in the future, to procure additional B-1B aircraft.

AIR DEFENSE COMPETITION (F-20/F-16)

Question. The Congress provided $200 million in FY 1986 to initiate a competition among F-16, F-20, and other tactical fighter aircraft for the continental air defense mission.

Does the Defense Department still plan to procure 318 air defense fighters?

Answer. No. The Department of Defense plans to procure 270 air defense aircraft. However, there is a statement in the Request for Proposal that allows for an increase in the quantity by as much as 20 percent over the planned 270.

Question. Will the competition be a "winner-take-all" or an "annual/ongoing" approach?

Answer. The competition will be a "winner-take-all" activity.

Question. Will you announce the winner of the competition by July 1, 1986, as required by law?

Answer. Every effort will be made to announce a winner by July 1, 1986; however, considering the scope of the competition, it is likely that the decision will be delayed for several months.

Question. How does Gramm-Rudman-Hollings affect the air defense competition?

Answer. The Air Defense Competition program funding will be reduced along with all other Air Force programs. This will affect the funds available for procurement.

Question. The FY 1985 Continuing Resolution law requires that 72 of the 720 new model F-16 C/D aircraft procured under multiyear contract in FY 1986-1989 be provided to the Reserve Forces by 1991. Last year, General Gabriel testified that the Air Force would comply:

Secretary Weinberger, do you still plan to provide 72 new model F-16 C/D aircraft to the Reserves by 1991?

In what fiscal year(s) are these aircraft budgeted?

Answer. Since the FY 1985 continuing resolution directed the Air Force to place 72 of the 720 multi-year F-16 procurement (MYP II) buy in the Air National Guard (ANG) or Air Force Reserves (AFRES), some changes to fighter procurement strategy have transpired. The most significant change was the introduction of competitive procurement for a follow-on to the present ANG force of F-4 and F-106s. The aircraft is presently known as the Air Defense Competition Aircraft (ADCA). The Air Force plans to announce a competition winner later this year and will procure about 300 ADCA for modernization of all eleven ANG interceptor squadrons plus their training squadron.

This is a significant modernization effort focused on the reserve component of the strategic defense mission area. By FY 1991 five ANG squadrons will be operating 96 new production interceptors. This compares favorably with Congressional direction to place 72 production F-16s into the reserve component by 1991. The ANG and AFRES will have received 48 F-16C/Ds by 1991 as well. This means our reserve component will be equipped with 144 production variety fighter aircraft by 1991.

Reserve component forces are integral to the Air Force total force concept. Their modernization over the years in question (1986-91) bears this out. In F-15s they grow from 42 to 72 aircraft. F-16s, of all models, rise from 90 to about 540 and ADCA will total 96. Each of these front line fighters will replace older, less capable F-4 and F-106 aircraft.

T-33 AIRCRAFT PHASEOUT

Question. Both Appropriations Committees directed the Defense Department to phase out obsolete T-33 aircraft assigned to the Air National Guard and replace them with 45 T-39 aircraft being retired, to be accomplished by the end of fiscal year 1986. Secretary Weinberger, do you intend to comply with the Appropriations Committees' instructions on this issue? Will you meet the October 1, 1986 deadline?

Answer. While the Conference Report (99-450) states that the House and Senate agreed that the Air Force must retire Air National Guard (ANG) T-33 aircraft in fiscal year 1986 and replace them with 45 T-39 aircraft, the conferees clarified that this action is intended to provide an interim capability until such time that the Air Force budgets for and deploys a permanent replacement aircraft that fully meets the requirements of both the Active and Guard forces for electronic countermeasures training.

The Air Force cannot meet the deadline because it cannot fulfill ANG or Active air defense target training requirements by refurbishing ECM fitted T-39 replacement aircraft in the required time frame. Consequently, retiring all T-33s by the end of fiscal year 1986 would create an interim training vacuum rather than an interim capability.

The Air Force does not presently plan to take T-39 aircraft out of storage. The Air Force, and the National Guard Bureau, evaluated the feasibility and cost-effectiveness of providing T-39 aircraft to the ANG for ECM training purposes. It was reported to the Congress that using T-39 aircraft to replace T-33s (Active or Guard) is not economically or operationally viable due to recurring corrosion problems, wing cracks, questionable integrity of other components and costly logistics support. In addition, the life cycle cost of the T-39 exceeds that of the T-33. A copy of the report was provided to Congress on 28 February 1986.

The Air Force began phasing out Active and ANG T-33 aircraft in fiscal year 1986 and will complete their retirement in the first quarter of fiscal year 1989. The Air Force believes the most cost-effective and efficient method of providing air defense target training is by contract.

Question. What OSD office will oversee this action and ensure that both the phaseout and the replacement occur by October 1, 1986?

Answer. Within the Department, the Air Force is the lead agency on this section.

Question. What actions have been taken to date?

Answer. The Air Force has begun retirement of the T-33 aircraft. The ECM training requirement has been reviewed and a request for proposal should be released by 15 May 86 for contracting the Faker mission.

Question. What instructions have bene sent by OSD to the Air Force?

Answer. The instructions provided by OSD consisted of general tasking to the Air Force to be the lead agency in this matter.

Question. What instructions have been sent by the Air Force to its field activities? Insert them here in the record.

Answer. On 31 Oct 85, HQ USAF requested Tactical Air Command (TAC) to take the lead in consolidating TAF requirements for contracting the ECM Faker mission. TAC then solicited PACAF, AAC, and the NGB to submit requirements. Requirements were based on current or programmed use of T-33's and not new requirements. HQ USAF also directed TAC to furnish a Statement of Work, a Request for Proposal (REP), RFP release date, the expected contract award date, a schedule for phasing T-33 drawdown/contracting, and contract funding requirements.

[CLERK'S NOTE.—The instruction were submitted and are filed in Committee records.]

Question. Provide a schedule for T-33 aircraft retirement in fiscal year 1986.

Answer. T-33 87PB Retirement Schedule

	1986		1987				1988				1989
	3	4	1	2	3	4	1	2	3	4	1
Active	100	92	92	92	75	59	47	38	29	25	0
Guard	38	38	38	38	33	27	21	15	12	0	0

Question. Provide a schedule for T-39 aircraft replacement of the T-33's in fiscal year 1986.

Answer. The AF does not intend to replace the T-33 with the T-39. Contract replacement is scheduled to begin in FY87.

AIR FORCE SPARES

Question. The Committee has long been concerned about the Administration's priorities for funding new DoD acquisitions instead of improving the readiness of the existing forces. We understand that OSD reduced over $1 billion from the Air Force's fiscal year 1987 replenishment spare parts budget. How much did OSD remove from the Air Force FY 1987 replenishment spare parts budget request?

Answer. OSD reduced the Air Force FY 1987 replenishment spare parts program by $1.1 billion.

Question. What was the rationale?

Answer. The adjustments were based on the funding of administrative lead time, availability of prior year assets to fund FY 1987 requirements, repricing of B-1B spare parts, elimination of undefined requirements growth, and a reduction in inflation funding based on revised OMB indices.

Question. What impact does OSD perceive this action to have on Air Force readiness?

Answer. The adjustments should have no impact on Air Force readiness, since the FY 1987 budget request fully funds the requirements for Peacetime Operating Spares which is the major driver of materiel readiness.

Question. Is the OSD FY 1987 funding reduction redundant with the congressional $800 million reduction to FY 1986 Air Force replenishment spares, which was based on faulty requirements?

Answer. The OSD reduction is not redundant with the FY 1986 congressional reduction. The FY 1987 budget takes into consideration congressional adjustments reflected in the FY 1986 Appropriations Act.

Question. The Air Force claims that a large portion of its "requirement" remains unfunded. Does OSD agree, and if so, why is this acceptable to the President?

Answer. The FY 1987 budget requests for appropriate funding level to support the President's readiness objectives. It fully funds peacetime requirements, War Readiness Spares Kits/Base Level Self-Sufficiency Spares (WRSK/BLSS) requirements for new authorizations and kit updates for some high priority strategic airlift systems. The Other War Reserve Materiel (OWRM) requirements for sustainability initiatives are not fully funded because of fiscal limitations and the need to achieve a balance in competing priorities. Despite this, sustainability in the Department is at the highest levels since 1980 and further improvements will occur within the FYDP.

Question. Does OSD consider the Air Force FY 1987 replenishment spares budget to be fully funded?

Answer. The FY 1987 budget request fully funds peacetime requirements, WRSK/BLSS requirements for new authorizations and kit updates for some high priority strategic airlift systems. The Other War Reserve Materiel (OWRM) requirements for sustainability initiatives are not fully funded because of fiscal limitations and the need to achieve a balance of competing priorities.

Question. Does OSD expect the Air Force to be able to eliminate its large prior year spare parts unobligated balances as a result of this action?

Answer. Yes. the FY 1987 budget request is based on fully utilizing available resources and eliminating large unobligated balances.

Question. What role did the OSD initiative to reduce the use of undefinitized/unpriced contracts, particularly in the Air Force, play in reducing the Air Force FY 1987 replenishment spares budget request?

Answer. The recent trends and status of the Air Force undefinitized contracts were factors in the review of the Air Force budget requests; however, the undefinitized contract reduction initiative did not have a direct relationship to the budget adjustments. Actual FY 1986 program execution performance indicates that the Air Force is achieving its OSD assigned target in reducing undefinitized contracts.

SDI FUNDING

Question. A "senior administration official" was recently quoted as saying that DoD would request more funding for SDI in fiscal year 1987 than necessary in order to provide a cushion against specific or across-the-board Congressional reductions. This official stated:

"It's not uncommon to ask for more than one absolutely must have in anticipation of cuts."

Given that Congress has reduced budget requests for SDI the past two years by 25 percent, wouldn't such cushioning of new requests be very tempting?

Answer. It is DoD policy to reflect the most likely or expected costs for the current year, budget year and outyear estimates of all budget requests. The initial Service submitted FY 1987 requirements for SDI exceed $5.7 billion. Preparing the FY 1987 submissions, SDIO evaluated the technical effort to insure compatibility with evolving system architecture studies and insure proof of principle experiments provide a timely, viable and understandable measure of program progress. All SDIO costing is backed up by detailed work performance requirements and milestones mutually agreed to and signed by SDIO and the executing agency. These agreements have been reviewed by GAO for both FY 1986 and 1987.

Question. Prior to submission of the fiscal year 1987 President's budget, it was reported serveral times in the media that the fiscal year 1987 budget request for SDI would be $4.5 billion. The actual request is $4.8 billion. Was $300 million added to the SDI request by DOD since December 1985? If so, why?

Answer. The FY 1986 President's Budget request included for authorization year considerations a FY 1987 planned program of $4.9 billion. Internal Department of Defense program and budget reviews were conducted to determine the adequacy of the SDIO FY 1987 request prior to Congressional presentation. The reviews included stringent OSD and OMB examination of the SDIO request for funding, The reviews culminated in a final departmental request of $4.8 billion in FY 1987.

Question. For the record, please provide the levels of SDI funding requested for OSD approval by each of the Services for FY 1987, as well as those levels as reflected in the President's budget. In addition, please show the dates of those submissions, and explain any major changes in the Service requests.

Answer. Requested FY 1987 data is as follows:

Service	Initial Submission Date	Service FY1987 Requirement	FY1987 President's Budget
Army	24 Jan 1985	$1894M	$1453M
Navy	14 Feb 1985	122M	184M
AF	16 Apr 1985	2673M	1403M
DARPA	22 Jan 1985	409M	178M
DNA	30 Jan 1985	148M	132M
SDIO	7 Jan 1985	545M	1453M
SDIO Military Construction	1985	0	10M
TOTAL		5791M	$4813M

SDIO does not budget based upon equitable shares of funding between Services. SDIO prepares budgets based upon technology developments required to determine the feasibility of a defense against ballistic missiles. The technology development required to support evolving system architectures, confirming proof of principle experiments, weapon lethality determination and identification of responsive countermeasure options are primary considerations in assigning funding to various technical efforts. Program restructures due to the FY 1986 Congressional reductions, which forced implementation of a fiscally constrained program, are incorporated into technology efforts. Assignment of technology development to executing Services is based on expertise include Airborne optical Adjuct to the Army and Space Surveillance tracking system to the Air Force. The accumulated assignment of technical responsibilities represent a Service involvement in the SDIO. The $1453M alloted to SDIO in the FY 1987 President's Budget includes technical efforts for which a Service has not been assigned responsibility or effort requiring SDIO management. Some of these may have been in the Service requests. Example efforts not assigned to a service include various SATKA Integrated Experiments and Interactive Discrimination. Example efforts directly managed by SDIO include Headquarters Management, Tracking and Pointing Experiments, and Joint Programs such as National Aerospace Plane and the National Test Bed.

SDI TECHNICAL PROGRESS

Question. Mr. Secretary, in the past three years, Congress has appropriated $5.1 billion for SDI and its preceding programs. The Administration now requests an additional $4.8 billion for fiscal year 1987 alone.

What technical progress has been realized to date which justifies such an increase?

Answer. Although several key technical issues remain to be examined as the program matures, we have experienced significant achievements in the following areas:

Surveillance: Experiments—AOA hardware fabrication; Technology—UV and IR images of plumes collected cyrocooler life cycle reliability measurements.

Target Kill: Experiments—Laser Lethality test SR HIT flight tests; Technology—Miniature kill vehicle autopilot demonstration interceptor booster nozzle fabrication.

BM/C^3: Experiments—National Test Bed concept studies initiated; Technology—Demonstration of hypercube concept for parallel processing.

While these achievements are indeed significant it would be erroneous to determine that these achievements are the only justification for the increase in funding. The immediate objective of the SDI research program is to provide the basis for a deployment decision in the early 1990's. Therefore, a good portion of SDI research efforts are directed towards building the incremental changes within present resources to support this objective.

An example of this can be seen in the area of space transportation. Our research indicates that the weight of systems used in space can be radically reduced from present day estimates. Although it may sound simple, our ability to lift a system will be a critical element of any space-based ballistic missile defense. Obviously if a space system cannot make it to space, it is not going to be a very effective BMD. Thus it becomes critical to the program that we continue to research ways to reduce system weight at an accelerated pace. Our scientist need the time and support to work with materials on hand, perhaps only receiving modest accomplishments at first but seeking much more.

Every project within the SDI program, although unheralded, is a vital complement to the mosaic that represents the highest justification for increasing the SDI budget—the promise of achievement.

Question. Has the Department established specific technical goals and milestone by which these accomplishments are being measured?

Answer. The SDIO uses the guidelines and milestones laid out in the Fletcher Committee Study as one measure to determine goals and anticipate accomplishments.

ASSESSMENT OF SDI TEST RESULTS

Mr. Secretary, in December 1985, you stated that the recent experiment of a ground-based laser (GBL) between Hawaii and an orbiting space shuttle "convinces us that a ground-based laser missile defense system . . . may be feasible by mid-1990's." You termed this a "breakthrough", and added that "this disposes of the favorite sneer of those opposed to strategic defense that it will only work in good weather."

These remarks, Mr. Secretary, contrast strongly with the assessment of SDIO's Technical Director, Mr. Gerold Yonas, who advised a scientific colloquim last year that "The ground-based laser cannot operate with cloud cover, so in order to have an operational mode, one would have to have many facilities so that some of these facilities are not obscured.

Question. Would you explain these apparently contradictory claims on the implications of that test?

Answer. There is no contradiction in the two statements quoted. The principles of atmospheric transmission are highly complex. High power ground based lasers are being developed under SDI funding for BMD applications.

Over the past several years there has been a great deal of progress in the application of adaptive optics for atmospheric compensation. It must be stressed that these techniques apply only to correcting for the phase distortions (like a pair of reading glasses) leading to beam spread, i.e., for turbulence and blooming degradation. A particularly outstanding accomplishment this past year is the propagation of a low power beams, atmospheric turbulence can be overcome using a cooperative reference beacon, as required for the relay mirror configuration for BMD. Significant technical advances are required to perform this same task in the non-cooperative mode, i.e., for ASAT applications. Although we do have some concepts which appear promising, no field experiments have yet been carried out in this area.

It is important to stress that these adaptive optics techniques apply only to beam spread degradation, but not to attenuation. Thus, cloud hole boring must be achieved by other techniques. Again, ideas exist and are being anlayzed, but as yet we have no specific programs planned. This propagation limitation applies to both the BMD and ASAT applications of ground based lasers, so that there would be significant pay-off if cloud hole boring proves to be feasible and practical.

Question. Did SDIO scientist advise you that these results indicated that a GBL system could operate through cloud cover?

Answer. As stated above, the results of the experiment were a convincing confirmation that for low power beams, atmospheric turbulence can be overcome.

SDI CLAIMS OF TECHNICAL PROGRESS IN OPEN MEDIA

Question. Mr. Secretary, in the past year, claims of technical progress in aspects of the SDI program have been made by a large number of sources in both DoD and DoE. The authority of these sources to make such announcements has in some cases been questioned.

For example, last Spring a physicist at the Lawrence Livermore National Laboratory wrote an article which discussed the progress of the free-electron laser. Subsequently, a physicist working on this project stated that the author neither worked on the free-electron laser project nor talked to the principal researchers before writing the article. This scientist also raised the concern that such announcements may be a violation of security procedures.

What is the Department's policy concerning the review and approval of written information for public distribution on the SDI program?

Question. What recent initiatives has the Department undertaken to improve the effectiveness of this process and reduce unauthorized disclosures?

Question. Has the Department taken any specific action to reprimand DoD personnel for such actions within the past year?

Question. Has the Department held discussions with the Department of Energy on this problem, and if so, what were the results of those deliberations?

Question. Has the Department initiated any security investigations within the past year concerning release of information to the media on the SDI program?

Question. Test results on the excimer laser, the chemical laser, and the x-ray laser have all been revealed in the past year. These results were all termed "breakthroughs" at that time. Why were these test results publicized, and not others?

[CLERK'S NOTE.—The Department provided answers to the above six questions too late to be printed at this point. The questions and answers thereto are printed on page 770.]

ALLIED INVOLVEMENT IN SDI

Question. Mr. Secretary, there has been considerable negotiation with our Allies over their future involvement in SDI research. Some nations appear willing to participate, while others do not.

What is the status of these negotiations?

Answer. We have signed Memoranda of Understanding on SDI participation with the Governments of the United Kingdom, Federal Republic of Germany and Israel, and probably will soon begin negotiations on such accords with some other Allied Governments as well. In addition, we are engaged in discussions with some Allied Governments who do not wish to complete a Memorandum of Understanding but are interested in exploring possibilities for participation by firms and research institutions in their countries.

Question. What reasons are being given by those nations which decline to participate?

Answer. Virtually all Allied Governments who have decided not to participate directly in SDI research have made it clear that they will permit participation by their industries and research establishments, and that they will, therefore, take the actions required under our bilateral information and industrial security agreements for that participation to occur. The motivation for individual Government's decisions concerning participation in SDI research has been unique for each nation.

Question. What expertise is being sought which is not available in the U.S.?

Answer. Considerable scientific expertise exists among Allies in their scientific, technical and industrial communities. Some examples include, advanced programs involving small but very specific laser and particle beam research, specialized high quality optical materials and advanced optical fabrication techniques, composite materials and high current switching.

Question. What is the incremental cost of using foreign rather than domestic sources for this work?

Answer. Allied contributions could reduce both the cost and the schedule of research. All Allied participation will be on the basis of technical merit and while sole source awards may be made where there are unique capabilities, most contracts will be awarded through competitive procurement.

Question. What offsets are being negotiated?

Answer. There are no offsets being negotiated nor are there set-asides or guarantees of research work.

Question. It is reported that negotiations with the United Kingdom have been difficult, owing in part to the UK's wanting what was called its "fair share." Are these reports accurate?

Answer. Negotiations with the UK are completed. The resultant memorandum of understanding gives no specific guarantees of research work.

Question. In this context, what is a "fair share" for another nation in a U.S. undertaking?

Answer. Again, there are not set-asides or guarantees. All Allied participation will be on the basis of technical merit

EFFECT OF SHUTTLE LOSS ON SDI

Question. Department spokesmen have said that the loss of a shuttle will impact directly on the conduct of SDI. A number of spaceborne tests and experiments cannot be placed in orbit except by use of a shuttle.

What SDI work funded in the fiscal year 1986 appropriations must now be postponed beyond September 30, 1987? What was the budgeted dollar amount of that work?

Answer. None. Our major 1986 space experiment expenditures are listed below:

TPE 1—Three contracts let. TPE 2—In source selection. PATHFINDER—Separate work package with NASA; Jet propulsion Laboratory.

All these programs have basically been funded via Lieutenant General Abrahamson IOU's. As such the funding level has always reflected the dynamic shuttle manifest dates and has never been the full amount requested for early flight dates. Current 1986 data is:

TPE 1—$75M contracts and reimbursable costs only. The standard STS flight charge of $68.M was also sent to NASA VIA The Air Force. TPE 2—$15M. PATHFINDER—$25M.

These dollar amounts are consistent with a FY88 launch date for TPE 1, FY 89 for TPE 2 (either as a full flight or as separate experiments), and FY88 for PATHFINDER.

Question. What SDI work included in the fiscal year 1987 budget request must now be postponed beyond September 30, 1988? What is the budgeted dollar amount of that work?

Answer. None. Neither PATHFINDER nor TPE2 are currently budgeted. Actual dollar figures for FY87 will be provided at the TPE2 Source Selection in late May. Contract start for TPE 2 experiments is estimated in July 86, the current budgeted amount for TPE 1 is $109M. This is consistent with a FY88 launch.

[CLERK'S NOTE.—End of questions submitted for the record.]

STRATEGIC DEFENSE INITIATIVE

[CLERK'S NOTE.—The article requested by Mr. AuCoin on page 680 follows:]

UNITED STATES-SOVIET RELATIONS

INTERVIEW WITH REPRESENTATIVES OF SOVIET NEWS ORGANIZATIONS. OCTOBER 31, 1985

The PRESIDENT. May I welcome you all. It's a pleasure here, and I appreciate very much the opportunity to be able to speak, in a sense, to the people of your country. I've always believed that a lot of the ills of the world would disappear if people talked more to each each other instead of about each other. So, I look forward to this meeting and welcome your questions.

Q. Mr. President, we appreciate greatly this opportunity to ask to you, personally, questions after you kindly answered our written questions. We hope that they will be instructive and, well, facilitate success for your forthcoming meeting with our leader.

The PRESIDENT. Well, I'm looking forward to that meeting. I'm hopeful and optimistic that maybe we can make some concrete achievements there.

Q. We are planning to ask our questions in Russian. I think you don't mind.

The PRESIDENT. No.

Q. Mr. President, we have become acquainted with the answers which you furnished to our written questions. They basically reflect the old U.S. proposals, which have been evaluated by the Soviet side as being unbalanced and one-sided in favor of the U.S. side, and you have not answered concerning the new Soviet proposal. And this reply to the new Soviet proposal is what is of greatest interest before the meeting in Geneva.

The PRESIDENT. When this interview is over, later this afternoon at 3 o'clock, I will be making a statement to our own press—well, to all the press—to the effect that we have ben studying the Soviet proposal, and tomorrow in Geneva our team at the disarmament conference will be presenting our reply, which will be a proposal that reflects the thinking of the original proposal that we had, but also of this latest. Indeed, it will show that we are accepting some of the figures that were in this counterproposal by the Secretary General.

There are some points in which we have offered compromises between some figures of theirs and some of ours, but all those figures will be available tomorrow, and I will simply be stating today that that is going to take place tomorrow in Geneva. But it is a detailed counterproposal to a counterproposal, as is proper in negotiations, that will reflect, as I say, the acceptance on our part of some of this latest proposal as well as compromises with earlier figures that we'd proposed.

Q. I'd like to have another question for you, Mr. President. According to a survey taken by the Washington Post and ABC on Tuesday, it was found that 74 percent of the American people, as compared to 20 percent, said that they would like the U.S. and the Soviet Union to reduce their nuclear arsenals and not to have the U.S. develop space weapons. This seems to be the choice which the American people have made. It seems clear that without stopping the development of weapons in space there can be no reduction of nuclear weapons. This is the position of the Soviet side. So, how then will you react, Mr. President, to this opinion expressed by the American public?

The PRESIDENT. Well, for one thing, it is based on a misconception. The use of the term "Star Wars" came about when one political figure in America used that to describe what it is we're researching and studying, and then our press picked it up, and it has been worldwide. We're not talking abut Star Wars at all. We're talking about seeing if there isn't a defensive weapon that does not kill people, but that simply makes it impossible for nuclear missiles, once fired out of their silos, to reach their objective—to intercept those weapons.

Now, it is also true that—to show that this is a misconception on the part of the people when you use the wrong terms—not too long ago there was a survey taken, a poll of our people, and they asked them about Star Wars. And similar to the reaction in this poll, only about 30 percent of the people in our country favored it, and the rest didn't. But in the same poll they then described, as I have tried to describe, what it is we're researching—a strategic defensive shield that doesn't kill people, but that would allow us one day—all of us—to get rid of nuclear weapons, and over 90 percent of the American people favored our going forward with such a program.

Now, this is one of the things that we will discuss. We are for and have for several years now been advocating a reduction in the number of nuclear weapons. It is uncivilized on the part of all of us to be sitting here with the only deterrent to war—offensive nuclear weapons that in such numbers that both of us could threaten the other with the death and the annihilation of millions and millions of each other's people. And so that is the deterrent that is supposed to keep us from firing missiles at each other.

Wouldn't it make a lot more sense if we could find that as there has been in history for every weapon a defensive weapon. Weapon isn't the term to use for what we're researching. We're researching for something that could make it, as I say, virtually impossible for these missiles to reach their targets. And if we find such a thing, my proposal is that we make it available to all the world. We don't just keep it for our own advantage.

Q. Mr. President, with the situation as it stands today in the international arena, attempts to create such a space shield will inevitably lead to suspicion on the other side that the country creating such a space shield will be in a position to make a first strike. This is a type of statement whose truth is agreed to by many people. Now, it's apparent that the American people have indicated their choice, that if it comes down to a choice between the creation of such a space system and the decrease in nuclear arms, they prefer a decrease in nuclear arms. So, it seems to be a realistic evaluation on the part of the American people. And I would like to ask how the American government would react to the feelings of the American people in this regard.

The PRESIDENT. Well, in the first place, yes, if someone was developing such a defensive system and going to couple it with their own nuclear weapons, offensive weapons, yes, that could put them in a position where they might be more likely to dare a first strike. But your country, your government, has been working on this same kind of a plan beginning years before we ever started working on it, which, I think, would indicate that maybe we should be a little suspicious that they want it for themselves.

But I have said and am prepared to say at the summit that if such a weapon is possible, and our research reveals that, then our move would be to say to all the world, "Here, it is available." We won't put this weapon—or this system in place, this defensive system, until we do away with our nuclear missiles, our offensive missiles. But we will make it available to other countries, including the Soviet Union, to do the same thing.

[CLERK'S NOTE.—During the hearing with the Secretary of Defense, some questions were submitted for the record. The answers to these questions were not received in time to be printed at the appropriate point in the hearing. Those questions and the answers thereto follow:]

SDI CLAIMS OF TECHNICAL PROGRESS IN OPEN MEDIA

Question. Mr. Secretary, in the past year, claims of technical progress in aspects of the SDI program have been made by a large number of sources in both DoD and DoE. The authority of these sources to make such announcements has in some cases been questioned.

For example, last Spring a physicist at the Lawrence Livermore National Laboratory wrote an article which discussed the progress of the free-electron laser. Subsequently, a physicist working on this project stated that the author neither worked on the free-electron laser project nor talked to the principal researchers before writing the article. This scientist also raised the concern that such announcements may be a violation of security procedures.

What is the Department's policy concerning the review and approval of written information for public distribution on the SDI program?

Answer. It is the policy of the Department of Defense to: "provide the American people with maximum information about Dod operations and activities (including the SDI)." Additionally, the DoD ensures that "the release of information to the public is limited only as necessary to safeguard information requiring protection in the interest of national security and in accordance with appropriate Dod directives." Finally, the Department ensures that "official information cleared for public release is consistent with established DoD and national policies and programs."

Question. What recent initiatives has the Department undertaken to improve the effectiveness of this process and reduce unauthorized disclosures?

Answer. The Assistant Secretary of Defense (Public Affairs) has established policies and procedures within the Department for the "review and clearance of SDI information proposed for public release. OASD/PA conducts security reviews of all material prepared for public release and publication originated by the Department, or by its contractors, DoD employees as individuals, and material subjected by sources outside of the U.S. Government."

Question. Has the Department taken any specific action to reprimand DoD personnel for such actions within the past year?

Answer. No.

Question. Has the Department held discussions with the Department of Energy on this problem, and if so, what were the results of those deliberations?

Answer. Representatives of the SDIO/Public Affairs office and the DOE/Defense Programs office have met to coordinate facilitative assistance provided to news media representatives covering SDI programs managed by DOE.

Question. Has the Department initiated any security investigations within the past year concerning release of information to the media on the SDI program?

Answer. No.

Question. Test results on the excimer laser, the chemical laser, and the x-ray laser have all been revealed in the past year. These results were all termed "breakthroughs" at that time. Why were these test results publicized, and not others?

Answer. Information concerning the testing of new weapons or weapon systems (including high energy lasers and particle beam technology) requires review and clearance; release of information is consistent with the policies described above.

[CLERK'S NOTE.—End of questions submitted for the record.]

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